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# Gaming Law 2023

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**Macau Sar, China: Law and Practice**

Rui Pinto Proença, Carlos Eduardo Coelho  
and Francisco Sá da Bandeira  
MdME



# MACAU SAR, CHINA

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## Law and Practice

### Contributed by:

Rui Pinto Proença, Carlos Eduardo Coelho and Francisco Sá da Bandeira

MdME

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MdME is recognised as a market-leading firm in the region, and has been operating in Macau for nearly two decades. Its experienced and diverse team of over 30 legal professionals is renowned for its technical competence, commercial focus, and ability to deliver innovative legal solutions. MdME has developed its gaming expertise alongside the world's largest gaming market, Macau. Over the past two decades, it has advised clients in developing some of the world's most iconic integrated resorts, in landmark financing and initial public offerings

of global gaming players, and in shaping land-based and online legislation in emerging jurisdictions. The firm's gaming sector team acts for casino operators, integrated resort owners, gaming equipment manufacturers, technology suppliers, sports betting companies, online and mobile operators, payment platforms, and gaming content developers. It has also represented governments, regulatory agencies, private equity firms, lenders, and fund houses with significant investments in the gaming sector.

## Authors



**Rui Pinto Proença** is MdME's managing partner and key contact in its gaming sector practice. He is Macau's only lawyer who has been ranked as a Band 1 practitioner in

Chambers and Partners Gaming APAC. Rui often advises casino operators, sports betting companies, technology providers and gaming investors in a broad range of commercial and regulatory matters. He has also assisted governments in emerging markets in developing their gaming policies and regulatory frameworks. Rui is a member of the Board of Trustees of the International Association of Gaming Advisors (IAGA).



**Carlos Eduardo Coelho** is a partner at MdME and a key contact in its gaming sector practice, assisting gaming equipment manufacturers, technology providers, sports

betting operators, as well as online and mobile gaming companies in a wide range of commercial, licensing, and regulatory matters.



**Francisco Sá da Bandeira** is a counsel at MdME and a member of the gaming sector practice. Having worked as an in-house counsel for one of the world's largest integrated casino-

resorts, he is recognised for his experience in the key legal aspects of integrated resort development and operations. Francisco advises casino and integrated-resorts operators, sports betting and lottery companies, and technology providers in a broad range of commercial and regulatory matters. He has been involved in several high-profile corporate financings and in the initial public offering of one of the six Macau gaming operators with the Hong Kong Stock Exchange.

## MdME

Avenida da Praia Grande  
409  
China Law Building  
21/F  
Macau

Tel: +853 2833 3332  
Fax: +853 2833 3331  
Email: [macau@mdme.com](mailto:macau@mdme.com)  
Web: [www.mdme.com/en/](http://www.mdme.com/en/)

# MdME

## 1. Introduction

### 1.1 Current Outlook and Recent Changes

Early 2023 witnessed the lifting of the travel and border restrictions adopted to combat the COVID-19 pandemic which severely impacted the Macau gaming industry for the preceding three years. The eagerly expected reopen of Macau's borders set in motion the recovery trajectory that the industry is presently experiencing. While visitation and gross gaming revenue may still lag pre-pandemic levels, Macau is poised to close 2023 having regained its position as the most successful gaming destination in the world.

For the six gaming concessionaires licensed to operate in Macau, the year 2023 marks a reset, in more ways than one. Each of the six incumbent operators was granted a new ten-year concession contract, valid from 1 January 2023, awarded by the Macau government following the public tender conducted throughout the second half of 2022.

The new concessions came to life, however, in a changed regulatory environment, which brought along an enhanced set of obligations for the gaming concessionaires, including new

investment commitments, particularly in non-gaming amenities and attractions. The policy changes introduced include a notable concern with diversification from gaming, together with a policy drive to attract visitors from markets other than Mainland China.

The post-pandemic period has shown, at the same time, certain fundamental market-shifts, including the near-total disappearance of the traditional junket industry, and the growing importance of the premium mass segment, a key driver of the recovery in course.

The first day of January 2023 marked the initial term of the six new concession contracts awarded at the outcome of the 2022 public tender. Ahead of the tender, or in close connection with it, the Macau government implemented several legislative initiatives that reshaped the legal framework governing the casino gaming industry.

The Macau Gaming Law (Law 16/2001), which had been mostly left unchanged since its original enactment in 2001, was substantially amended. The Amendment to the Gaming Law (Law 7/2022), published in the official gazette on 22

June 2022, entered into force the following day. A consolidated version of the Macau Gaming Law (as amended) was fully republished pursuant to the Dispatch of the Chief Executive 121/2022, published in the official gazette on 18 July 2022.

The amended Macau Gaming Law sets out new policy goals for the industry, addresses concerns raised at the national level with matters such as national security and cross-border capital flows, and introduces a series of new provisions aimed at regulating the size and development of the industry – most notably, prohibition of sub-concessions, limitations on the number of tables and slots, mandatory junket exclusivity to one concessionaire, phasing out of the satellite casinos, and prohibition of revenue share with third parties.

The Public Tender Regulation for the award of casino concession contracts (Regulation 26/2001), initially enacted for the 2001 public tender, was also amended. Regulation 28/2022 (the Amendment to the Public Tender Regulation), published in the official gazette on 5 July 2022, entered into force the following day. The amended Public Tender Regulation paved the way for the opening of the 2022 public tender.

The 2022 legislative initiatives further included the enactment of a separate law, in addition to the Macau Gaming Law and the Public Tender Regulation, entitled the “Legal Framework for Operating Games of Chance in Casinos” (Law 16/2022). Law 16/2022 consolidates, amends, and newly adopts provisions governing the activity of those involved in the operation of casino games of chance, including concessionaires, gaming promoters (also known as “junkets”, formerly subject to the provisions of Administrative Regulation 6/2002, now revoked), collaborators (sub-agents), and casino management compa-

nies. It also includes provisions addressing the joint and several liability of casino concessionaires for the compliance of certain obligations by gaming promoters and other industry players.

With the purpose of implementing Law 16/2022, the Macau government enacted Administrative Regulation 55/2022, which lays down provisions governing in more detail the licensing process for junkets and the authorisation process for the engagement of collaborators and of management companies (including provisions relating to the probity review procedures such entities are subject to).

Other ancillary acts or regulations were adopted as a sequence or in complement to the key initiatives described above. For example:

- Administrative Regulation No 32/2022 (which creates the Specialised Commission for the Sector of Games of Luck and Chance, a governmental body with responsibilities of advisory in the gaming sector);
- Administrative Regulation No 54/2022 and the CE Dispatch 216/2022 (which determine the criteria for, and govern the reduction or exemption of, the special contributions payable by the casino operators in addition to the special gaming tax, as allowed pursuant to items 2 and 3 of paragraph 1 of Article 22 of the Macau Gaming Law);
- the Dispatch of the Secretary for Economy and Finance (SEF) No 89/2022 (approving the amounts of security deposit payable by the gaming promoters, the collaborators, and the management companies);
- the SEF Dispatch No 90/2022 (approving maximum limits applicable to the commissions payable to gaming promoters, in the form of a percentage over the “net rolling”), and

- the SEF decision, dated 31 July 2023, that determines a fixed cap to the number of gaming promoters that each concessionaire is authorised to engage for the year 2024.

## Court Decisions

On 19 November 2021, the Macau Court of Final Appeal (TUI) issued a ruling, which confirmed the decision upheld by the Macau Second Instance Court (TSI) that a casino concessionaire is jointly liable for certain obligations of a gaming promoter or junket vis-à-vis a player.

Following this decision, in 2022, TUI issued similar rulings in several court cases related to the deposit of gaming chips, involving junkets and casino operators and determining that the casino operators are jointly and severally liable for certain activities performed by the gaming promoters in their casino's premises. These decisions established an important legal precedent since they have determined the liability of a casino operator over the activities pursued by junkets.

The enactment of Law 16/2022 has provided legislative guidance on this topic, considering the controversy caused by said court decisions. Its Article 33 now provides explicitly the casino operator's joint and several liability over the activities pursued by junkets and collaborators. However, liability may be excluded if the casino operator successfully demonstrates that it complied in a responsible manner with its supervision duties (having in consideration, for this purpose, the supervision mechanisms adopted and the preventative measures taken against illicit conduct). This new mechanism for exclusion of liability will potentially influence the direction of future court decisions in disputes of the same nature.

Another recent TSI ruling determined that the casino operators' joint and several liability is subject to a three-year statute of limitations, as opposed to the general 15-year statute of limitations (the one that the junket's primary responsibility is subject to, regardless). In the specific case in question, this period had elapsed by the time the lawsuit had been initially filed, leading to the exclusion of the casino operator's liability. Casino operators had previously filed appeals against adverse court decisions on these grounds, but unsuccessfully. If the reasoning behind the TSI's ruling is upheld, the same outcome is likely to be delivered in other cases.

## Social Gaming

There are no recent updates relevant to social gaming.

## E-sports

E-sports have been gaining a growing presence in Macau. Some existing gaming operators have partnered with third parties to organise e-sports events. Wagering in e-sports is not authorised.

## Fantasy Sports

There are no recent updates relevant to fantasy sports.

## Skill Gaming

There are no recent updates relevant to skill gaming.

## Blockchain/Cryptocurrency

Blockchain and cryptocurrency technology are not specifically regulated in Macau. Consequently, there are no relevant recent legal trends.

## 2. Jurisdictional Overview

### 2.1 Online

Online gaming referred to as “interactive gaming” under the Gaming Law, can only be operated commercially by private entities that have entered into a concession contract with the Macau government to that effect.

However, the Macau government has never issued regulations governing the concession and operation of online gaming (and has not launched a tender to grant these concessions). Additionally, concessionaires of casino games of chance cannot operate interactive games.

The limitations listed are applicable to all forms of gaming identified in **3.2 Definition of Gambling**.

The exclusive operator of horse racing wagering (Macau Horse Racing Company Limited, or MJC) and the current operator of sports betting (*Sociedade de Lotarias e Apostas Mútuas de Macau*, or SLOT) can offer online wagering limited to the land-based competitions they already offer.

### 2.2 Land-Based

The commercial operation of casino gambling in Macau is statutorily reserved for the Macau government and may only be pursued by privately owned entities that have been granted a concession to that effect, by entering into a contract with the Macau government.

#### Betting

Macau allows betting on horse races. This activity may only be operated by entities that have been previously granted a concession to that effect. Their licensing and operations are governed by several executive orders issued by the

CE and by the relevant concession contract. This activity has been historically carried out on an exclusive basis by only one operator, the MJC.

Macau also allows the placing of bets in sports competitions, namely in football (soccer) and basketball. Sports betting has been historically undertaken on an exclusive basis by only one operator, SLOT. However, SLOT’s concession contract was amended, and since 1 June 2021 the conducting of sports betting operations is no longer exclusive.

#### Poker

Poker qualifies as a game of chance (see the “Casino” section below). The following are the current authorised forms of poker:

- 3-card poker;
- 5-card poker;
- football poker;
- Q poker;
- stud poker;
- Texas hold ‘em poker;
- fortune 3-card poker; and
- Omaha poker.

#### Bingo

Bingo is not currently approved as a game of chance and cannot be offered in Macau casinos or other gaming venues.

#### Casino

Games of chance (either table games or electronic gaming-machines) may only be carried out at casinos (except in the cases described in **5.1 Premises Licensing**). Games of chance are defined as those in which the outcome is contingent, as it depends exclusively or predominantly on the player’s luck. A casino concessionaire may only offer games of chance that have been approved by the SEF. The following is the current



list of games of chance that may be offered in Macau casinos:

- 3-card baccarat;
- baccarat;
- blackjack;
- baccarat “*chemin de fer*”
- boule;
- craps;
- cussec;
- casino war;
- dozen numbers;
- fantan;
- *sap i chi* or 12-card game;
- 13-card game;
- *mahjong*;
- *mahjong baccarat*;
- *mahjong paikao*;
- mini *paikao*;
- *pachinko*;
- *paikao*;
- fish-prawn-crab;
- 3-card poker;
- 5-card poker;
- football poker;
- Q poker;
- lucky wheel;
- roulette;
- stud poker;
- super pan 9;
- Taiwan *paikao*;
- makccarat;
- Texas hold ‘em poker;
- fortune 3-card poker;
- fortune 8;
- dragon/phoenix; and
- Omaha poker.

## Gaming Machines

An electronic gaming machine (EGM) is statutorily defined as a device (including the gaming programmes and associated software, the

memory compartment, the random generator, and any means of gaming software storage) that is both:

- fully or partially operated by electric, electronic, or mechanical means; and
- conceived, adapted, or programmed to operate a game of chance and to pay prizes (in cash, gaming chips, redeemable tickets, or other values) resulting from the placement of wagers on the games that it offers.

All gaming machines and electronic table games (ETGs) must be authorised by the Gaming Inspection and Co-ordination Bureau, Macau (DICJ). They must also comply with the Macau published standards (including the EGM and ETG Technical Standards) and compliance must be certified by a recognised gaming testing laboratory. Only manufacturers or distributors previously licensed by the DICJ can supply or distribute gaming machines in Macau.

## Lottery

The operation of lotteries in Macau is permitted both in the form of instant lottery and in the form of a Chinese lottery, popularly known as “*pacapió*”. Instant lotteries are operated on a non-exclusive basis by SLOT. The Chinese lotteries are operated on an exclusive basis by *Sociedade de Lotarias Wing Hing, Limitada* (“*Wing Hing*”).

## 3. Legislative Framework

### 3.1 Key Legislation Gambling Legislation

The main legislation regulating land-based gaming in Macau is the Macau Gaming Law (Law 16/2001, as amended by Law 7/2022), which sets out the legal framework for the commercial operation of a variety of gaming products,

with a particular focus on the commercial operation of casino games of chance. Furthermore, the “Legal Framework for Operating Games of Chance in Casinos” (Law 16/2022), which governs the activity of those involved in the operation of casino games of chance, including concessionaires, gaming promoters (also known as “junkets”), collaborators (sub-agents), and casino management companies.

Other relevant legislation applicable to land-based gaming includes:

- the Instant Lottery Law (Law 12/87/M), which governs the concession and operation of instant lotteries;
- the Horse Racing and Pari-mutuel Betting Regulation (Order 163/90/M);
- the Illegal Gambling Law (Law 8/96/M), which criminalises the unlicensed supply of gambling;
- the Illegal Animal Racing Law (Law 9/96/M), which criminalises certain actions and behaviours in respect of horse racing wagering;
- the Horse racing online wagering instruction (Dispatch of SEF 63/2003);
- the Gaming Credit Law (Law 5/2004), which regulates the granting of credit for gambling by casino operators and gaming promoters;
- the Electronic Gaming Machines (EGMs) Regulation (Regulation 26/2012), which regulates the supply of electronic gaming machines, equipment, and systems and sets out the licensing framework for EGM manufacturers and suppliers;
- the Gaming Participation Law (Law 10/2012), subsequently amended by Law 17/2018, which regulates the conditions of entry, working, and gambling in casinos;
- the DICJ By-laws (Regulation 19/2021);
- the Public Tender Regulation for the award of casino concession contracts (Regulation 26/2001), subsequently amended by Regulations 34/2001, 4/2002, and 28/2022, which sets out the rules for the public tender procedure for the award of casino concession contracts, the requirements for concession contracts, the financial and suitability requirements of bidders and concessionaires, and the process to verify such requirements;
- the Regulation that creates the Specialised Commission for the Sector of Games of Luck and Chance, the body responsible for assisting the CE in defining gaming policy (Regulation 32/2022);
- the Regulation that governs certain aspects of the licensing or authorisation procedures that gaming promoters, collaborators, and management companies are subject to, including the applicable probity review procedures (Regulation 55/2022);
- the CE Dispatch and the Regulation that determine the criteria for, and govern the reduction or exemption of, the special contributions payable by the casino operators in addition to the special gaming tax, as allowed pursuant to items 2 and 3 of paragraph 1 of Article 22 of the Macau Gaming Law (CE Dispatch 216/2022 and Regulation 54/2022);
- the CE Dispatch that determines the maximum number of total gaming tables and EGMs permitted to operate in Macau (CE Dispatch 161/2022) as well as the CE Dispatch that determines the minimum annual gross gaming revenue of each gaming table and each EGM (CE Dispatch 162/2022) for the purpose of calculating the special premium to be paid by a casino concessionaire in a particular year, if any;
- the CE Dispatch that grants to the concessionaires an exemption from the payment of income complementary tax over the profit generated by gaming (CE Dispatch 178/2022);

- the Dispatch that approves the amounts of security deposit payable by the gaming promoters, the collaborators, and the management companies (SEF Dispatch No 89/2022);
- the Dispatch that approves the maximum limits applicable to the commissions payable to gaming promoters, in the form of a percentage over the “net rolling” (SEF Dispatch No 90/2022); and
- the SEF decision, taken on an annual basis pursuant to Article 9, paragraph 2 of Law 16/2022, that determines a fixed cap to the number of gaming promoters that each concessionaire is authorised to engage for the following year.

## DICJ Instructions

In addition, the DICJ issues instructions (including some that are not publicly available) that are binding on the entities that it supervises, including:

- casino concessionaires;
- gaming promoters;
- the sports betting concessionaire;
- the horse racing concessionaire;
- lottery concessionaires;
- casino management companies and service providers; and
- EGM manufacturers and suppliers.

The DICJ’s relevant instructions include those addressing:

- technical standards for ETGs (Instruction 2/2014);
- anti-money laundering and counter-terrorism financing (Instruction 1/2016, as amended by Instruction 1/2019);
- Macau jackpot and casino management system technical standards (Instruction 2/2016);

- dealer-operated ETG technical standards Version 1.0 (Instruction 1/2017);
- Minimum Internal Control Requirements (Instruction 1/2018);
- Responsible Gaming (Instruction 4/2019);
- card shufflers and electronic card shoes (ECS2) technical standards version 1.0 (Instruction 5/2019);
- Macau gaming certificate format (MGCF) Version 1.0 (Instruction 1/2020);
- technical standards for EGMs (Instruction 1/2021);
- the activities of gaming promoters – in particular, regarding prohibitions on performing settlement transactions unrelated to Macau or the use of Macau as a settlement platform for foreign transactions and other limitations; and
- data protection matters related to restrictions on the transfer of players’ personal data to third parties, or any entity in or outside Macau, which are imposed on casino concessionaires and gaming promoters.

## 3.2 Definition of Gambling

Gambling is generally defined by reference to the play of games of chance. These are defined as those games of chance in which the outcome is contingent, as it depends exclusively or predominantly on a player’s luck.

Statutory definitions of other forms of gambling include the following.

- “Operations offered to the public”, defined as those in which the expectation of winning lies exclusively on chance (for example, lotteries, raffles, and lucky draws).
- “Pari-mutuel betting”, defined as a form of betting on animal races or sports competitions in which the winners divide the pool of wagers among themselves (deducted from

commissions, fees, and taxes) in proportion to the amount individually bet.

### 3.3 Definition of Land-Based Gambling

There is no statutory definition of land-based gambling. Generally, land-based gambling refers to the commercial operation of casino games of chance (either in the form of table games or electronic gaming machines) or to other legal forms of gaming in which players physically place their bets or wagers in locations previously authorised for this purpose. See **5.1 Premises Licensing**.

### 3.4 Definition of Online Gambling

Online gambling is referred to as “interactive gaming” and defined as the play of games of chance that meet the following criteria:

- offer a prize, in cash or in kind, that can be won in accordance with their respective rules;
- players participate by means of telecommunications (including telephone, fax, the internet, data networks, and video or digital data transmission) and make, or agree to make, payments in cash or in kind to play the game; and
- they are offered in Macau casinos in the form of table games or gaming machines.

### 3.5 Key Offences

The Illegal Gaming Law (Law 8/96/M) criminalises the unlicensed supply of games of chance. It prohibits all forms of operation, promotion, or assistance of gaming by unlicensed entities or individuals, or outside the areas that have been approved as casinos or gaming areas, as well as fraudulent gaming in approved areas and the extension of credit to players by unlicensed entities or individuals.

### 3.6 Penalties for Unlawful Gambling

Depending on the nature of the crime, penalties can range from fines to imprisonment for up to eight years. Accessory penalties include prohibition from entering casinos, apprehension, and reversion to Macau of all gaming materials and monies or items of value used in illegal gaming. The Illegal Gaming Law qualifies certain actions and behaviours as misdemeanours, the penalties for which are pecuniary fines that range from MOP300 to MOP10,000 (about USD40 and USD1,240, respectively). Law 9/96/M criminalises offences related to animal races. Depending on the specific crime, penalties vary from fines to imprisonment for up to three years.

### 3.7 Recent or Forthcoming Legislative Changes

There is currently a bill under discussion at the Macau Legislative Assembly entitled the “Law Governing Concession of Credit for Gaming” (“the Bill”).

The Bill aims to replace Law 5/2004 and regulate, in its place, the terms and conditions applicable to the activity of concession of credit for gaming – allowed exclusively to concessionaires, or to junkets pursuant to an authorisation granted by the concessionaires.

The Bill is expected to be enacted before the end of 2023.

The Illegal Gambling Law (Law 8/96/M), which criminalises the unlicensed supply of gambling, is also expected to be amended in the near future.

## 4. Licensing and Regulatory Framework

### 4.1 Regulatory Authority

The CE is the authority that is ultimately responsible for:

- determining gambling policy; and
- licensing and regulating gambling activities in Macau.

The CE is assisted by the Specialised Commission for the Gambling Sector, which is the body responsible for studying the development of the gaming sector and for providing support to the CE in defining gaming policy and regulation and in proposing supervisory measures and other guidelines for the gaming sector.

DICJ is the regulatory body responsible for the oversight of all forms of permitted gambling. It operates under the SEF. DICJ is responsible for the regulation, supervision, and co-ordination of all gambling operations and activities. It is also responsible for assisting in defining and executing economic policies for the gambling industry.

### 4.2 Regulatory Approach

Macau adopts a prescriptive approach to regulation. However, there are specific guidelines issued by the DICJ that adopt a more risk-based approach.

### 4.3 Recent or Forthcoming Changes

For recent and forthcoming changes, see **1.1 Current Outlook and Recent Changes**.

### 4.4 Types of Licences

The commercial operation of gambling in Macau is statutorily reserved for the Macau government. To offer any of the legally allowed gambling products in Macau, a private entity must be

granted a concession to that effect, by entering a contract with the Macau government.

### Casino Gaming

A concession for the operation of games of chance in a casino may only be awarded following a public tender launched by the CE. In 2022, a public tender was held to award six new ten-year casino gaming concession contracts.

### Sports Betting

Betting on football (soccer) and basketball is offered, on a non-exclusive basis, by only one operator, SLOT.

### Horse Race Betting

Betting on horse races is offered on an exclusive basis by the MJC.

### Lotteries

The operation of lotteries in Macau is permitted both in the form of instant lottery and in the form of a Chinese lottery, popularly known as “*pacapio*”. Instant lotteries are operated on a non-exclusive basis by SLOT. The Chinese lotteries are operated on an exclusive basis by *Wing Hing*.

### 4.5 Availability of Licences

Licences are not readily available in Macau. In order to operate any of the legally allowed gaming activities in Macau, an entity must be awarded a concession contract.

A concession for the operation of games of chance in a casino may only be awarded following a public tender launched by the CE. In 2022, a public tender was held to award six new ten-year casino gaming concession contracts, commencing on 1 January 2023 and ending on 31 December 2032.

Pari-mutuel betting and Chinese lotteries are permitted in exclusivity to the MJC and *Wing Hing* concession contracts. Sports betting is granted on a non-exclusive basis by means of a concession contract with SLOT.

## 4.6 Duration of Licences

In accordance with the Amendment to the Gaming Law, the maximum duration for casino concession contracts has decreased from 20 years to ten years. The maximum duration of a concession may be extended beyond the ten-year term, one or more times, for a maximum of three years. An extension may only be granted under exceptional circumstances under a justified decision of the CE.

The concession contract for SLOT was renewed in 2021 for a period of three years, ending on 5 June 2024. The MJC concession contract was renewed in 2018 and will end on 31 August 2042. The concession contract for the operation of the Chinese lotteries has been renewed on an annual basis since 2010 with the current term ending on 31 December 2023.

## 4.7 Application Requirements Concessionaire Requirements

Only joint-stock companies (*sociedades anónimas*) incorporated under the laws of Macau, with a minimum share capital of MOP5 billion (approximately USD620 million) are eligible for the award of a casino concession contract. At least 15% of the share capital of a casino concessionaire must be held by its managing director (*administrador-delegado*), who must be a permanent resident of Macau.

A casino concession contract may only be granted to a private entity following a public tender process.

A tender commission, appointed by the CE, is responsible for overseeing the public tender and to produce the final report that will support the CE's decision on the award of the concession contracts.

The Public Tender Regulation, the tender opening dispatch (issued by the CE) and the tender programme are the key documents that define, amongst others:

- the tender process;
- the eligibility criteria and the information that must be disclosed by the bidders;
- the proposal elements and requisites;
- the awarding criteria;
- the terms and duration of the concession contracts; and
- the amount and form of the tender bond.

In the context of an application, the bidding company, its directors, and key employees, as well as the companies or individuals holding 5% or more of its share capital, are subject to a suitability investigation aimed at assessing their experience, reputation, probity, and financial soundness.

## Concession Criteria

According to the tender programme adopted for the last public tender held (2022), the awarding criteria were the following.

- Proposed variable premium.
- Plans for attracting foreign players.
- Experience in the operation of casino games of chance.
- Relevance of the proposed investment plans in gaming and non-gambling.
- Casino management plans.
- Proposal to monitor and prevent illegal activities in casinos.

- Corporate social responsibility programme.

## 4.8 Application Timing

There is no legally specified length for the public tender procedure. The 2022 public tender lasted approximately four months, from the Macau government's announcement of the opening of the public tender until the announcement of the award of the gaming concessions on 25 November 2022.

## 4.9 Application Fees

The bidders had to provide a security deposit for admission to tender in the minimum amount of MOP10 million (about USD1.24 million). The costs incurred in the probity check and financial background investigations required during the bidding process will be deducted from the security deposit.

## 4.10 Ongoing Annual Fees Games of Chance

Casino concessionaires are subject to the payment of an annual premium comprising a fixed and a variable portion. The fixed portion is set in the respective concession contracts. The variable portion is set in respect of each concessionaire taking into consideration the number of casinos it operates and its location, the number of tables and of gaming machines and the types of games operated, and other relevant criteria that the Macau government may determine. According to the CE Dispatch 161/2022, the total number of gaming tables and gaming machines in Macau will be limited to 6,000 and 12,000 respectively.

In addition to the annual premium, the latest amendment to the Gaming Law introduced a special premium, based on a minimum annual revenue per each gaming table and each slot machine set at MOP7 million and MOP300,000

respectively (about USD865,790 and USD37,120 respectively), as determined by CE Dispatch 162/2022. 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 authorised 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 mandatory revenue floor and, consequently, a minimum tax due by each concessionaire.

## Instant Lotteries

The annual fee payable by the instant lottery's operator is levied as a percentage of the total annual revenue with a minimum annual amount of MOP1 million calculated as follows:

- MOP1 million if the annual gross revenue is below MOP10 million;
- if the annual gross revenue is between MOP10 million and MOP30 million, 12% of the excess;
- if the annual gross revenue is between MOP30 million and MOP45 million, 13% of the excess;
- if the annual gross revenue is between MOP45 million and MOP60 million, 14% of the excess;
- if the annual gross revenue is between MOP60 million and MOP80 million, 16% of the excess;
- if the annual gross revenue is between MOP80 million and MOP100 million, 18% of the excess; and
- if the annual gross revenue is more than MOP100 million, 20% of the excess.

## Sports Betting

The sports betting operator must pay a minimum annual fee of MOP6 million calculated as follows:

- MOP6 million if the annual gross revenue is below MOP30 million;
- if the annual gross revenue is between MOP30 million and MOP40 million, 22% of the excess;
- if the annual gross revenue is between MOP40 million and MOP50 million, 24% of the excess;
- if the annual gross revenue is between MOP50 million and MOP60 million, 26% of the excess;
- if the annual gross revenue is between MOP60 million and MOP70 million, 28% of the excess;
- if the annual gross revenue is between MOP70 million and MOP100 million, 30% of the excess; and
- if the annual gross revenue exceeds MOP100 million, 25% of the excess.

## Chinese Lotteries

The operator of Chinese Lotteries must pay:

- an annual concession premium of MOP500,000;
- an annual rent that is levied at 23% of the total gross revenue; and
- additional contributions comprised of 5% for the Macau Foundation and 1% for the *Macau Montepio Oficial*.

## Horse Racing

The operator of horse race wagering must pay an annual fixed amount of MOP15 million and a variable amount of tax levied on the total annual amount of the bets registered in the “totaliser” calculated as follows:

- between MOP2.5 million and MOP3 million, a tax of 0.5% is applicable;
- between MOP3 million and MOP3.5 million, a tax of 1% is applicable;
- between MOP3.5million and MOP4 million, a tax of 1.5% is applicable;
- between MOP4 million and MOP4.5 million, a tax of 2% is applicable; and
- above MOP4.5 million, a tax of 2.5% is applicable.

## 5. Land-Based Gambling

### 5.1 Premises Licensing

The operation of casino games of chance may only take place within premises authorised as casinos by the CE, after hearing the Specialised Commission for the Gaming Sector. There are some exceptions to this rule, notably the slot-machine parlours known as “Mocha Clubs”.

The Gaming Law defines a “casino” as a place authorised by the CE for gambling purposes. For this effect, the CE will take into consideration criteria such as the urban planning of Macau and its impact to the community to classify and authorise any given premises as a casino. These specific places may be located within a resort, hotel or other multipurpose location. However, there are some specific conditions under which gaming may be permitted outside casinos, for example, in vessels, aircrafts, and at the Macau International Airport.

The operation of gaming tables and machines within casinos are limited to the areas for gambling. Within those gambling areas there is the possibility of reserving sections for certain players only.



## 5.2 Recent or Forthcoming Changes

See 1.1 Current Outlook and Recent Changes.

## 6. Online Gambling

### 6.1 B2C Licences

Issues around B2C licences do not arise in Macau as no concessions for online gaming have been granted; see 2.1 Online.

### 6.2 B2B Licences (Suppliers, Software, Etc)

Issues around B2B licences do not arise in Macau as no concessions for online gaming have been granted; see 2.1 Online.

### 6.3 Affiliates

Issues around the regulation of affiliates do not arise in Macau as no concessions for online gaming have been granted; see 2.1 Online.

### 6.4 White Labels

Issues around the licensing and regulatory requirements applying to white-label providers do not arise in Macau as no concessions for online gaming have been granted; see 2.1 Online.

### 6.5 Recent or Forthcoming Changes

There are no expected changes to the online gaming regime in Macau.

### 6.6 Technical Measures

Issues around technical measures to protect consumers from unlicensed operators do not arise in Macau as no concessions for online gaming have been granted; see 2.1 Online.

## 7. Responsible Gambling (RG), Also Known as Safer Gambling (SG)

### 7.1 RG Requirements

The Gaming Participation Law established the legal framework of the conditions for entering, working in, and playing at a casino, by:

- imposing the minimum age of 21 years to enter or work in a casino;
- providing for a self-exclusion and a third-party exclusion programme; and
- addressing the treatment of the winnings of people not allowed in casinos.

It also prescribes that the employees of a casino concessionaire, when off duty, are prevented from entering casinos. This restriction extends to certain employees not directly involved with gaming operations, such as food and beverage outlet workers, and cleaning and surveillance personnel.

### 7.2 Recent or Forthcoming Changes

Pursuant to the Amendment to the Gaming Law and to the DICJ Instruction adopted specifically with respect to the topic, casino concessionaires must develop their own responsible gaming programme and periodically revise and improve it. These responsible gaming programmes must include measures to promote responsible gaming behaviours, 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.

### 7.3 Gambling Management Tools

Casino concessionaires must set up adequate control procedures to ensure compliance with the statutory restrictions on participation, while

the DICJ has implemented self-exclusion and third-party exclusion procedures.

## 8. Anti-money Laundering (AML)

### 8.1 AML Legislation

The current anti-money laundering regime was introduced by Law 2/2006 (amended by Law 3/2017) and further complemented by Regulation 7/2006 (amended by Regulation 17/2017). This legislation is further complemented by DICJ Instruction 1/2016 (subsequently amended by DICJ Instruction 1/2019).

### 8.2 Recent or Forthcoming Changes

The Amendment to the Gaming Law introduced as a policy goal that the operation of casino gaming is conducted in compliance with the policies and mechanisms for curbing illegal cross-border capital flows and for preventing money laundering and terrorism financing. This goal directly addresses the concerns, expressed at National level, with the outbound flow of funds for gaming purposes, in breach of Mainland China's capital controls (estimated at USD150 billion a year), and the raise of such concerns to a level of national security. New regulations and AML guidelines are expected to achieve this goal.

### 8.3 AML Requirements Obligations

Under the applicable anti-money laundering regulations, the casino concessionaires, gaming promoters, and other gaming concessionaires must comply with a comprehensive set of obligations aimed at preventing money laundering activities within the gaming sector. These include:

- customer due diligence obligations;

- enhanced monitoring of the play by politically exposed persons (PEPs);
- identification and reporting of suspicious transactions;
- the refusal of transactions when mandatory information is not provided; and
- proper record-keeping.

### Regulatory Authorities

The Macau Financial Intelligence Office is the entity responsible for receiving and processing reports on cash transactions and suspicious transactions. The DICJ is responsible for supervising and enforcing the gaming industry's compliance with its anti-money laundering obligations.

## 9. Advertising

### 9.1 Regulatory/Supervisory Agency

Macau Economic Services Bureau (MES) is the government agency responsible for supervising and enforcing the Advertisement Law.

### 9.2 Definition of Advertising

“Advertisement” is defined as any marketing activity aimed at promoting the acquisition of goods or services by the public.

### 9.3 Key Legal, Regulatory and Licensing Provisions

In Macau, the Advertising Law (Law 7/89/M) introduced the key legal provisions regulating gambling advertising. The Advertising Law was further complemented by a set of interpretative instructions issued by the MES in respect of the advertisement of gaming.

### 9.4 Restrictions on Advertising

The Advertising Law prohibits any type of marketing activity that depicts games of chance or

their play as the essential elements of the advertisement. In addition, casino concessionaires may only publicise any activities related to the play of games of chance within the gaming areas of casinos.

The prohibition of gaming advertising is complemented by a set of instructions issued by the MES. These instructions are interpretative of the scope and extent of the prohibition. They detail the types of advertising activities that are considered to fall under the prohibition by the MES and provide practical examples of such activities. The prohibition applies to all types of marketing conducted in Macau and encompasses games of chance played both offline and online. However, it does not appear to cover other forms of gambling, such as sports betting and lotteries.

## 9.5 Sanctions/Penalties

Advertising Law stipulates monetary fines ranging between MOP2,000 and MOP12,000 for individuals (about USD250 and USD1,500) and MOP5,000 and MOP28,000 for corporations (about USD620 and USD3,500).

## 9.6 Recent or Forthcoming Changes

No information has been provided in this jurisdiction.

## 10. Acquisitions and Changes of Control

### 10.1 Disclosure Requirements

A casino concessionaire or a shareholder holding 5% or more of its share capital (a “Qualified Shareholder”) must obtain a pre-authorisation from the SEF for the following:

- transferring or encumbering the concessionaire’s shares or rights relating to these shares;

- assigning voting rights or other shareholding rights;
- transferring any real estate property of the concessionaire or any of the concessionaire’s credits above a threshold to be defined in the respective concession contract; and
- entering credit facilities or similar agreements in excess of a threshold to be defined in the respective concession contract.

Furthermore, cross-shareholdings are subject to statutory limitations. A casino concessionaire, as well as a Qualified Shareholder, are prohibited from directly holding any shares of another casino concessionaire, and from indirectly holding 5% or more of the share capital of another casino concessionaire.

A casino concessionaire must also inform DICJ whenever any of its Qualified Shareholders: (i) is, or becomes, publicly listed; and (ii) is, or will be, operating casino games of chance in another jurisdiction.

## 10.2 Change of Corporate Control Triggers

See 10.1 Disclosure Requirements.

## 10.3 Passive Investors Requirements

See 10.1 Disclosure Requirements.

## 11. Enforcement

### 11.1 Powers

The DICJ is the body responsible for the enforcement of laws and regulations governing the activities of gaming concessionaires. In performing such duties, DICJ has public authority powers and may request the support of police agencies and other government bodies. DICJ may open investigations, present charges and apply

sanctions to gaming concessionaires, casino management companies, gaming promoters, and other entities and individuals under its supervision, in respect of breaches of their legal and regulatory obligations, including breaches of DICJ's own instructions and guidelines.

The DICJ may apply monetary fines as well as other ancillary sanctions, such as the temporary closure of gaming areas. DICJ's decisions are appealable to the SEF. The powers to suspend, terminate, or take over (temporarily or definitively) a gaming concession, including by breach of law or contract, lie solely with the CE.

The following are DICJ key duties and powers:

- co-operate in defining, co-ordinating, and executing gaming sector policies;
- ensure that the gaming concessionaires' activities and those of other individuals and entities that are subject to gaming-related legislation, as well as the relationship between them and the public, are in accordance with best interests and Macau legislation;
- collaborate in the elaboration and improvement of legal provisions within the scope of the DICJ's responsibilities, as well as to issue instructions for gaming concessionaires, casino management companies, gaming promoters, and other individuals or entities subject to gaming-related legislation;
- supervise the activity of gaming concessionaires, their management companies, gaming promoters, and other individuals or entities subject to gaming-related legislation, particularly regarding compliance with their legal, regulatory, and contractual obligations, as well as the DICJ's instructions;
- supervise the suitability and the financial soundness of gaming concessionaires, their

management companies, gaming promoters, and other individuals or entities subject to gaming-related legislation;

- supervise the different types of game activities;
- supervise compliance with gaming-related legislation;
- supervise the gaming revenues, including gross gaming revenue (GGR) and other revenue provided for in the legislation or in the concession contracts;
- carry out research work related to gaming;
- issue licences to carry out the activity of promoting games of chance in a casino;
- regulate the activity of supply and inspection of gaming machines and respective equipment and systems;
- approve the equipment, systems, and utensils assigned by the concessionaires to the exploitation of the respective concessions;
- encourage the collaboration of concessionaires, their management companies and gaming promoters with the policies of the Macau government and with the fulfilment of social responsibilities;
- promote, co-ordinate, and execute responsible gaming promotion activities; and
- perform other duties assigned by law.

## 11.2 Sanctions

The DICJ's director may apply financial penalties as well as other ancillary sanctions, such as the temporary closure of gaming areas. DICJ's decisions are appealable to the SEF. The powers to suspend, terminate, or take over (temporarily or definitively) a gaming concession, including by breach of law or contract, lie solely with the CE.

## 11.3 Financial Penalties

Financial penalties range between MOP100,000 (approximately USD12,000) and MOP5 million (approximately USD618,000). The specific

amount of the penalty is determined by the type of infringement, its materiality, the damages resulting from the infringement, the culpability of the violator, and the benefits it attained (taking into account its economic situation and prior behaviour).

## 11.4 Personal Sanctions

There are no sanctions personal in nature. Pursuant to the Amendment to the Gaming Law, a Qualified Shareholder of a casino concessionaire is jointly liable for the payment of financial penalties applied to a casino concessionaire in respect of its gaming activities.

## 12. Tax

### 12.1 Tax Rate by Sector

Casino concessionaires are subject to a special gaming tax, levied over their gross gaming revenue at a rate of 35%. In addition, casino concessionaires are also subject to the following mandatory contributions:

- there will be a contribution of 2% of gross gaming revenue to a state-run foundation, responsible for the promotion, development, and research in the areas of culture, science, social studies, economics, education, academia, and philanthropy; and
- there will be a contribution of 3% of gross gaming revenue towards urban development, tourism promotion, and social security.

The Macau government may, on request, reduce or waive the aforesaid mandatory contributions pursuant to a special incentive mechanism

based on the concessionaire's ability to attract patrons from overseas markets (ie, markets other than the People's Republic of China), pursuant to Regulation 54/2022.

Although casino concessionaires are legally required to pay profit tax (known locally as complementary tax), they have historically been exempted from paying it under CE orders issued under the Gaming Law.

The concessionaires are also subject to the payment of an annual premium and special premium. For more details, please see **4.10 Ongoing Annual Fees**.

## 13. Anticipated Reform

### 13.1 Anticipated Reform

For expected sector developments, see **1.1 Current Outlook and Recent Changes**. For changes in legislation, see **3.7 Recent or Forthcoming Legislative Changes**.

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