

# The Impacts of Bill 2768/2022

The Brazilian proposal for digital platform regulation does not take into account the Brazilian reality and impacts innovation



## EUROPE - DMA

The DMA is an asymmetric and ex-ante regulatory model for digital platforms based on quantitative criteria:

- The model is experimental, diverging from traditional antitrust regulations and has not been effectively applied.
- It is inspired by individual antitrust decisions of the European Commission.



## BILL 2768 TRANSPLANTS THE DMA AND IGNORES BRAZILIAN REALITY

**Bill 2768/2022**, from the Chamber of Deputies, is an ex-ante asymmetric regulation proposal that fails to identify the market failures it aims to address:

- It disregards the competition between traditional companies and digital platforms
- The quantitative approach used is not the best criterion for indicating market power or anti-competitive behavior
- Applies the same regulatory approach to different business models that are vastly different from each other
- Fails to provide a detailed analysis of the regulatory impact and the cost of compliance for the rule

## UNCLEAR CRITERIA THAT CREATE SIGNIFICANT REGULATORY UNCERTAINTY

- ⚠ Vague criteria for defining which companies are considered digital platforms subject to regulation
- ⚠ Does not adhere to a comprehensive set of responsibilities, but instead allows for significant regulatory discretion

## LACK OF CONSENSUS ON DMA IN VARIOUS LOCATIONS



**EUA**  
Legislative proposals lost momentum despite various distinct formulations



**GERMANY**  
Chose to expand the powers of the antitrust authority without establishing a strict ex-ante framework



**UNITED KINGDOM**  
Asymmetric regulatory model based on principles, with designations made on a case-by-case basis



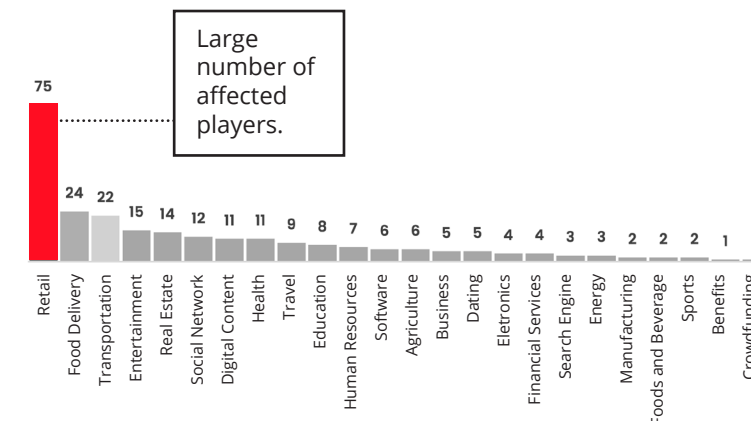
**TAIWAN**  
Does not have an ex-ante regulatory model

## LEGISLATIVE PROPOSAL

Various companies of different sizes and from multiple sectors are affected (**24** sectors and **156** companies operating in Brazil)

### COMPANIES LISTED BY ECONOMIC SECTOR

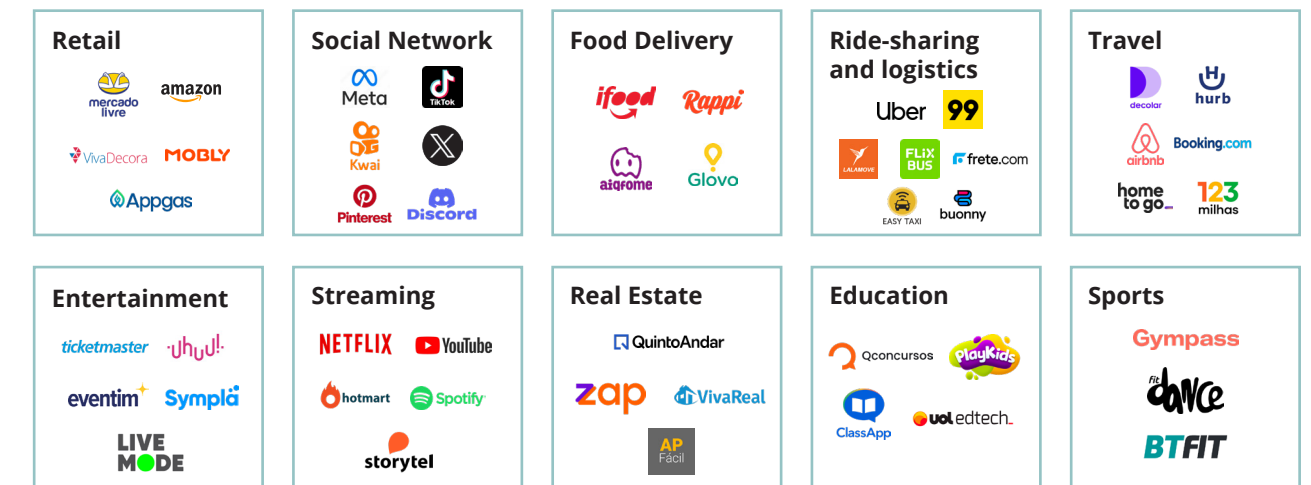
The large number of sectors and companies that could be subject to this regulation highlights a competitive landscape across various industries, contradicting the notion that digital platforms have the power to control market access



Source: Crunchbase. Developed by: LCA

### EXAMPLES OF COMPANIES THAT WOULD BE SUBJECT TO REGULATION ACCORDING TO THE CRITERIA ESTABLISHED BY BILL 2.768/2022

Homogeneous selection criteria fail to capture the particularities of each sector and may overlook important competitive pressures



## REGULATORY IMPACT

- Economic burden on consumers and professional users
- Potential reduction in innovation and competitive dynamics

The largest portion of the estimated damage falls on consumer surplus

## ESTIMATED IMPACTS



**R\$ 1,8 bi to R\$ 2 bi**

Estimated Economic Damage Related to the Oversight Fee



**R\$ 4,5 bi to R\$ 10,5 bi**

Estimated Economic Damage Related to the Oversight Fee and Other Regulatory Costs, Such as Compliance Costs

With the new tax, prices will increase for end users and professionals on the platforms, leading to a reduction in transaction volume, worker earnings, and business profitability.