Evaluation of the economic impact of Bill 4675/2025 for digital markets regulation

International experience, designation criteria, and estimation of regulatory costs.

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ALAI
ASOCIACIÓN LATINOAMERICANA DE INTERNET

Who We Are[1]

The Latin American Internet Association (ALAI) is an international civil association that brings together companies committed to shaping and developing the Internet in Latin America.

ALAI promotes inclusive economic development by supporting and strengthening an open Internet. It advocates for public policies that foster entrepreneurship, innovation, and new technological applications, while upholding the respect and protection of human rights.

The Association maintains ongoing dialogue with the public and private sectors, international organizations, academia, and civil society across Latin America and globally.

Since 2015, ALAI has established itself as a key interlocutor on issues such as regulation, competition, personal data protection, artificial intelligence, content moderation, freedom of expression, elections, governance, e-commerce, and human rights, with a consistent focus on the opportunities and challenges of Latin America.

ALAI operates with the conviction that an open and accessible Internet is essential for inclusive growth in the region, promoting opportunities that benefit all sectors of society.

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Executive Summary

Economic Impacts of Bill No. 4,675/2025 – ALAI

1. Objective of the Study

This study by the Latin American Internet Association (ALAI), with economic modeling and quantitative estimates developed by ECOA Consultoria Econômica, analyzes the potential economic impacts of Bill No. 4,675/2025, which establishes a new economic regulatory framework for digital markets in Brazil through the creation of a Digital Markets Superintendence within the Administrative Council for Economic Defense (CADE).

The analysis aims to quantify compliance costs, effects on competition, and systemic impacts arising from the designation of companies and the imposition of regulatory obligations.

2. Proposed Regulatory Structure

Bill No. 4,675/2025:

- Creates a Digital Markets Superintendence within CADE;
- Authorizes the designation of economic groups:
    - With global revenues exceeding BRL 50 billion or domestic revenues exceeding BRL 5 billion;
    - Based on open and non-cumulative qualitative criteria;
- Grants discretion in imposing obligations on designated entities.

The study identifies opportunities to improve the bill, including:

- More structured economic analysis;
- Clearer mechanisms to defend efficiencies;
- Objective criteria aligned with international models (Digital Markets Act – DMA and Digital Markets, Competition and Consumers Act – DMCC).

3. Potential Scope of the Regulation

The modeling indicates three possible scenarios:

1. **Likely designation**: large economic groups with multi-sector operations;
2. **At-risk companies**: groups with significant presence across multiple digital markets;
3. **Moderate risk**: potential extension to national groups and fintechs.

Even with only 10 designated groups, the impact could extend across a wide range of digital services and value chains.

4. Estimated Economic Impact

Over a 10-year period, the study estimates that compliance and regulatory adaptation costs may range between **BRL 2.7 billion and BRL 11.34 billion**, depending on the business model and scenario considered.

Regulatory costs are transmitted to the market through consumers, professional users, absorption by firms, and a potential reduction in the approval rate of innovative projects.

5. Identified Systemic Effects

The study highlights that significant administrative discretion and interpretative flexibility in defining scope may:

- Reduce incentives for innovation;

- Increase structural operating costs;
- Raise regulatory uncertainty;
- Generate unintended competitive effects;
- Impact value chains and adjacent sectors.

The greatest economic impact falls on end users and professional users who depend on the digital environment for income generation.

6. International Comparison

Unlike the European model (DMA) and the UK model (DMCC), which establish cumulative objective criteria, quantitative thresholds, and formal mechanisms to defend efficiencies, Bill No. 4,675/2025 adopts broader and more qualitative criteria, increasing discretion in both designation and enforcement.

7. Institutional Considerations

Given the scale of the estimated impacts, the study indicates that the proposal represents a significant structural shift in Brazil's competitive environment.

In this context, it recommends:

- Expanding the technical debate;
- Holding public consultations;
- Conducting a detailed regulatory impact assessment;
- Promoting deeper discussion on designation criteria and review mechanisms.

8. Conclusion

Bill No. 4,675/2025 may generate significant economic impacts, with effects extending to end consumers, professionals, and Brazilian companies.

The regulation of digital markets requires proportionality, predictability, and a solid empirical foundation. ALAI's study provides quantitative evidence to inform public debate and support well-founded legislative decision-making.

Introduction

The Latin American Internet Association (ALAI) prepared this study, with economic support from Ecoa Consultoria Econômica, to assess the impacts of Bill 4675/2025, proposed by the Ministry of Finance, which establishes guidelines for regulating competitive aspects of digital companies in Brazil. The objective is to contribute economic evidence to the public discussion on the incentives generated by the proposal, focusing on measuring the direct and indirect costs resulting from its implementation. The emphasis on costs is justified by the scarcity of assessments or other objective evidence of the effects in this dimension, which are relevant for an appropriate debate on the net effects of the intervention, as well as for the regulatory design to be as efficient as possible.

This report is organized into two parts. Part I presents Bill No. 4,675/2025 and compares it with regulations already implemented in the European Union (Digital Markets Act — DMA) and the United Kingdom (Digital Markets, Competition and Consumers Act — DMCC), highlighting similarities and differences. Section I describes the main features of Bill No. 4,675/2025 and constructs scenarios for the designation of economic groups based on the quantitative and qualitative criteria of the bill. Section II provides a comparative analysis between the bill, the DMA, and the DMCC, with a discussion of the risks and opportunities of transposing foreign models to the Brazilian context.

Part II estimates direct and indirect costs associated with the proposed regulatory model. Section III maps the compliance costs of companies potentially designated as systemically important, taking the European experience as a reference and adapting it to the text of the bill; the estimate follows OECD methodological guidelines. Next, it assesses the transmission of these costs along the chain—between target companies, professional users, and consumers—considering specific demand elasticities in the Brazilian market. We project a total regulatory burden ranging from R$ 2.7 billion (conservative scenario) to R$ 10.8 billion (extreme scenario).

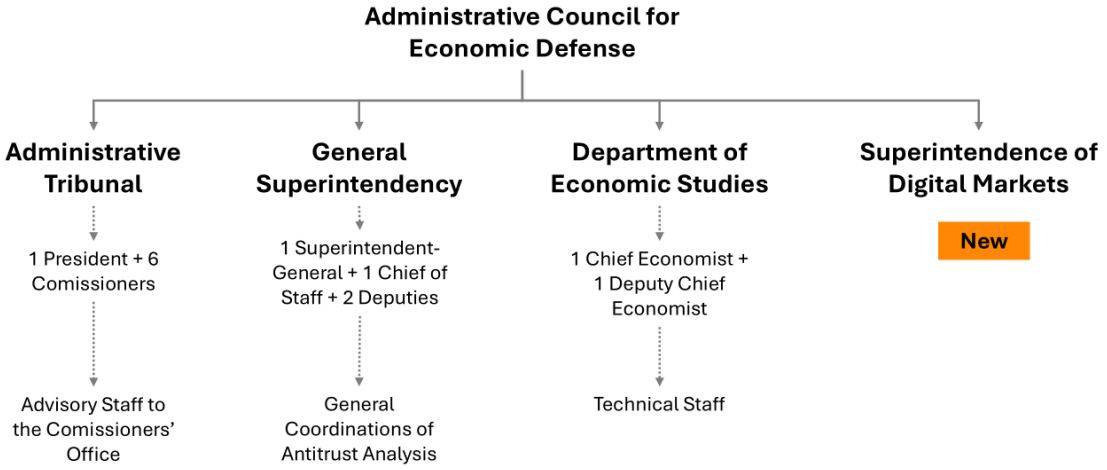
Section IV examines potential effects on innovation and investment (delays and retractions), combining documentary analysis, market data, and adaptation of international models with parameters adjusted to the structural characteristics of the national economy, to estimate impacts on welfare and incentives for innovation. Our findings indicate that Bill 4675/2025 could lead to a reduction in digital service investments ranging from 8.3% to 12.5%.

Ultimately, the study seeks to provide quantitative evidence that contributes to an informed debate on the regulation of digital markets in Brazil, explaining the trade-offs between competition policy objectives and the preservation of the sector's dynamism and capacity for innovation.

1. General overview of the regulatory proposal

The institutional framework for assigning and imposing specific obligations on economic agents of relevance to the digital market system, proposed by the Ministry of Finance under Bill 4675/2025, proposes the creation of a Superintendence of Digital Markets within the Administrative Council for Economic Defense (CADE), adding another autonomous body to the federal agency – see **Figure 1** below. This design subordinates matters relating to digital markets to the decision of the Brazilian competition authority, giving the new superintendency the power to define the status of a company with systemic relevance according to the criteria defined by the current proposal, as well as to create complementary rules for classification and obligations imposed on these agents.

Figure 1 – Administrative Council for Economic Defense (CADE) Internal Structure



Developed by: Ecoa Consultoria Econômica.

The first stage of the new regulatory model involves the process of designating the economic groups that will be targeted for intervention. This administrative process, which will be conducted by the new Superintendence of Digital Markets (SMD) within CADE, may be initiated *ex officio* by the Superintendence itself or upon a substantiated complaint by any interested party. Furthermore, the text of the bill provides that representations from other bodies competent in economic matters give rise to the immediate and mandatory initiation of an Administrative Designation Process to be accepted by the new Superintendency[2].

A primary obstacle in assessing the economic impact of Bill 4675/2025 is the absence of a rigorous legal definition for 'digital ecosystems' within the legislative text. While the Bill relies on this concept as a qualitative criterion for designation, it fails to establish objective parameters for its characterization, generating significant ambiguity regarding the regulatory scope. The Box below proposes a practical definition of “ecosystems” to be used as a base definition throughout the current report.

[2] Bill 4675/2025 establishes that representations originating from the Court or the General Superintendency of CADE, the Secretariat for Economic Monitoring of the Ministry of Finance (SEAE/MF), or federal public administration bodies and entities with jurisdiction over digital markets give rise to the immediate and mandatory initiation of the Administrative Designation Process.

Operational Definition of digital "ecosystems"

One of the central challenges for analyzing the economic impact of Bill 4675/2025 stems from the absence of a clear definition of the term "digital ecosystems" in the text of the legislative proposal. Although the bill mentions this concept, it does not establish objective criteria for its characterization, which creates ambiguity in determining its scope.

To enable economic analysis and estimation of compliance costs, it was necessary to develop an operational definition based on the Ministry of Finance's report "Plataformas Digitais no Brasil: Fundamentos Econômicos, Dinâmicas de Mercado e Promoção de Concorrência" (Digital Platforms in Brazil: Economic Fundamentals, Market Dynamics, and Promotion of Competition). For the purposes of Bill 4675/2025, a "digital ecosystem" is defined as a set of services, assets, and rules under common governance, anchored in at least one main platform and its complements, which connects multiple markets and user groups through shared interfaces and organizational systems (e.g., unified identity/accounts, APIs, app/payment stores, access policies), enabling the combined use and transfer of functionalities, users, and data between services.

Adopting this definition makes the scope and limits of the concept explicit for analytical purposes, allowing for the proper calibration of regulatory obligations and the estimation of associated costs.

The absence of precise definitions in the Bill is not merely a semantic issue; it is a structural design feature that directly impacts the economic efficiency of the regulation. By failing to delimit the concept of "ecosystem", the proposal expands the discretionary power of the authority, creating the conditions for the regulatory failures analyzed in the following subsections: the risk of over-designation (Type I errors) and the generation of systemic legal uncertainty.

To mitigate this indeterminacy and ensure analytical precision, this study adopts a strict semantic framework. Unless otherwise specified, the following operational definitions are applied:

1. **Targeted Companies (or Designated Economic Groups):** Refers to the specific legal entities and corporate groups that meet the revenue thresholds and qualitative criteria of the Bill, thereby becoming the direct subjects of regulation and compliance costs.
2. **Digital Ecosystem (Operational Definition):** Based on the Ministry of Finance's technical report, we define this as a set of services, assets, and rules under common governance, anchored in at least one core platform, which connects multiple markets and user groups through shared interfaces and organizational systems (e.g., unified identity, APIs, payment rails).

3. **Services**: Refers to the specific functional services (e.g., search engines, operating systems, marketplaces) within a group that lies within the scope of Bill No. 4675, distinct from the corporate entity itself.

Consequently, throughout this analysis, we prioritize the term “Targeted Companies” when referring to the agents bearing the regulatory burden, reserving 'ecosystem' strictly for the description of the integrated business model structure.

To be designated as a systemically important agent, a company must simultaneously meet the quantitative and qualitative criteria established in Article 47-C. The only quantitative criterion for designation is the global or national revenue of economic groups[3], which must exceed R$ 50 billion OR R$ 5 billion, respectively. The qualitative criteria, which are non-cumulative in nature, include characteristics such as presence in multiple markets, market power associated with network effects, vertical integrations, strategic position for third-party activities, significant access to relevant personal and commercial data, among others. However, the qualitative criteria are **non-cumulative and non-final**[4], and other aspects not formally presented in the bill may be considered, limiting their usefulness in defining designable agents.

In the absence of formal definitions within the Bill, we grounded the definitions of its seven qualitative criteria in economic literature:

1. **Presence in multi-sided markets:** the company connects two or more groups of users (e.g., consumers and suppliers) and organizes interactions between them, coordinating rules and pricing between the sides (Rochet & Tirole, 2006; Hagiu & Wright, 2015; Belleflamme & Peitz, 2021).

[3] Although Bill 4675/2025 does not provide a definition of the concept of economic group, this Study adopted the usual definition, which considers an economic group to be a set of companies with distinct legal personalities that operate in a coordinated and integrated manner within a group that has relationships of coordination or subordination.

[4] Article 47-C establishes that CADE shall designate economically significant entities considering the characteristics of the services on a non-cumulative basis and may establish new designation criteria in addition to those described in the bill.

2. **Network effects:** the usefulness of the service for each user increases with the number of other users, on the same side (direct effects) or on different sides (indirect effects) (Katz & Shapiro, 1985).

3. **Vertical integration and operations in adjacent markets:** the company operates in different stages of the chain (inputs, distribution, user interface) and/or in related complementary digital services (Katz & Shapiro, 1985).

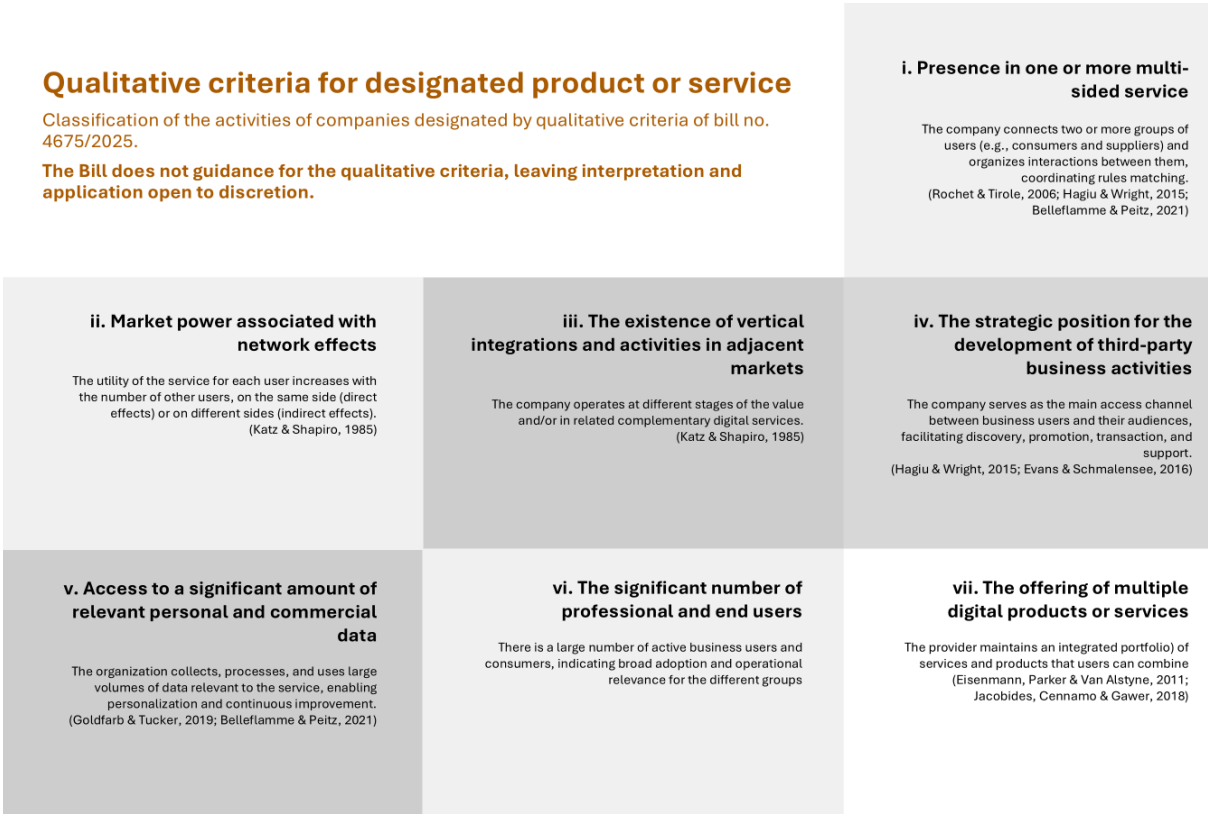
4. **Strategic position for third-party activities:** the company acts as the main channel of access between user companies and their audiences, facilitating discovery, promotion, transactions, and support (Hagiu & Wright, 2015; Evans & Schmalensee, 2016).

5. **Access to personal and commercial data at scale:** the organization collects, processes, and uses large volumes of data relevant to the service (transactional, usage, registration), enabling tailored offerings and continuous improvement (Goldfarb & Tucker, 2019; Belleflamme & Peitz, 2021).

6. **Significant base of professional and end users:** there are a large number of active user companies and consumers, indicating widespread adoption and operational relevance for different groups (Evans & Schmalensee, 2016).

7. **Offering multiple digital products or services:** the provider maintains an integrated portfolio of features and applications that can be used in combination by users (Eisenmann, Parker & Van Alstyne, 2011; Jacobides, Cennamo & Gawer, 2018).

Figure 2 - Qualitative criteria and formal definition



Developed by: Ecoa Consultoria Econômica. **Note:** Each qualitative criteria of Bill 4675/2025 are highlighted in bold. Each criterion is followed by a description developed by the authors.

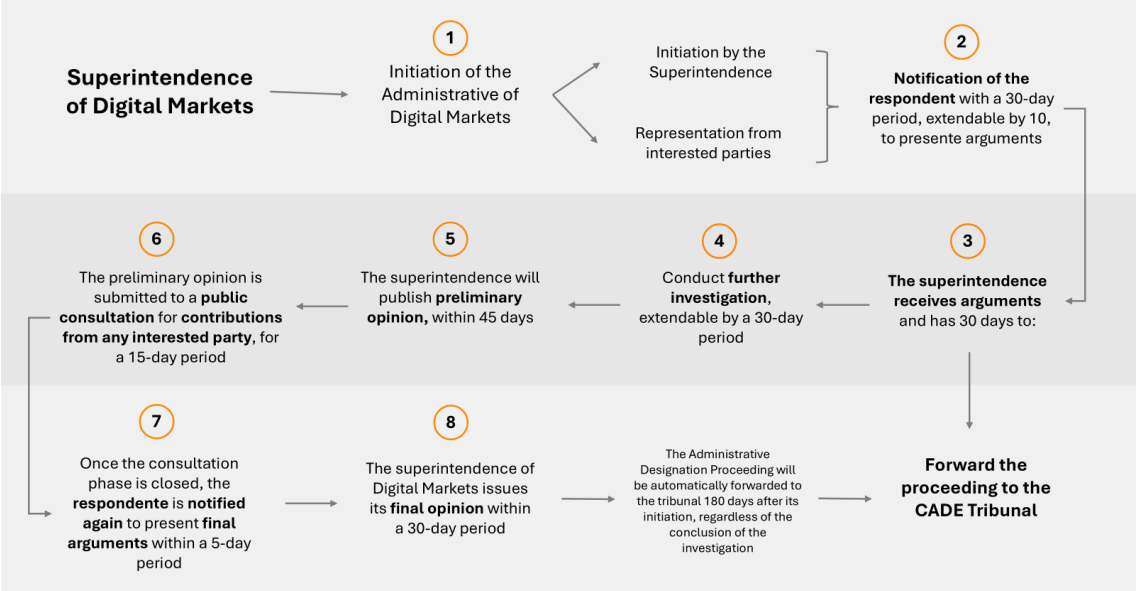
Once the proceedings have been initiated, the economic agent is notified and given the opportunity to present their arguments, which will be assessed by the SMD[5]. At the Court, the case is assigned to a Reporting Counselor and then goes to trial by the collegiate body[6]. The Court's decision must be substantiated, specifying the facts that constitute grounds for the designation.

[5] Under the terms of Articles 87-C and 87-D of Bill 4.675/2025: the defendant is notified to submit arguments within 30 days, a period that may be extended once for up to 10 days; once the arguments have been received, the SMD shall, within 30 days, decide whether to refer the case to the Court (if no further investigation is required) or to conduct a further investigation, specifying the steps to be taken; the further investigation must be completed within 30 days, extendable once for the same period; once this stage is complete, the SMD publishes a preliminary statement within 45 days, which is submitted to a public hearing with 15 days for contributions from any interested parties; once the contributions have been closed, the defendant is again notified for new allegations (within 5 business days) and, within 30 days from the end of this period, the SMD issues a final statement and refers the case to the President of the Court.

[6] The President of the Court distributes the case within 48 hours by lottery; the Rapporteur has up to 120 days from receipt to include the case on the agenda, with automatic inclusion after that period; the Rapporteur may request an opinion from the Federal Prosecutor's Office within 20 days; and may determine measures to be taken by the SMD or the DEE (Department of Economic Studies). In addition, if the SMD does not forward the case files, the case is automatically forwarded to the Court 180 days after it is filed.

A particular feature of the proposed designation process, and in line with the *DMA*[7], is the possibility of social participation. After any additional investigation, the Superintendency submits its opinion to a public hearing for contributions from any interested party. Once this consultation phase is complete, the respondent is again notified to submit final arguments, after which the Superintendency issues its final reasoned opinion, with a recommendation for dismissal or designation, and may already determine special obligations, which is referred to CADE's Court for evaluation and collegiate decision.

Figure 3 – Procedural rules within CADE's Digital Markets Superintendence



Source: Bill 4675/2025. **Developed by:** Ecoa Consultoria Econômica.

Once designated, the status of systemically important economic agent lasts for up to 10 years, renewable through a new procedure, and applies to the entire economic group to which the designated company belongs. The agencies that

[7] Under the *DMA*, the designation of *gatekeepers* (Article 3) does not provide for a formal public hearing open to the public. The regulation guarantees procedural rights to those directly involved, the right to be heard and access to the proceedings and creates a channel for third-party participation by sending information to the Commission or the competent national authorities (Art. 34 and Art. 27). Implementing Regulation (EU) 2023/814 details the procedures (notifications, initiation of proceedings, exercise of the right to be heard, and access to the file), without establishing a mandatory public hearing at the designation stage.

submitted representations are admitted as third-party interveners and may provide evidence during the preliminary investigation phase.

A gap in the procedural rules, and consequently in the process of designating and imposing additional obligations, Chapter VIII of the Bill determines that the Court's decision “shall specify the facts that constitute grounds for the designation,” and that the imposition of special obligations shall be “preceded by an economic justification for the decision.” However, the text does not define metrics, methods, or minimum standards for determining competitive damage, nor does it define criteria for weighing costs and benefits, which makes regulatory predictability unfeasible and hinders the material control of decisions.

The lack of economic analysis is exacerbated because the designation factors are open and qualitative “in a non-cumulative manner,” which increases discretion and subjectivity in application, without quantitative anchors or defined economic tests.

Furthermore, the bill does not provide for the possibility of defense based on efficiencies, that is, the presentation of counterfactual benefits that could remove or modulate the imposition of obligations when there are net gains for users and consumers. Paragraph 2 of Article 47-E only authorizes CADE to “consider” aspects of security, sectoral compliance, and functionality improvements in determining obligations, which, by its nature, does not constitute a *safe harbor* or a formal efficiency test with explicit checks and balances.

This view differs from the economic framework published by the Ministry of Finance. In the report, the Ministry emphasizes the use of antitrust tools to differentiate between efficient and inefficient outcomes and the need for robust analytical instruments to support decisions[8].

[8] The report “*Plataformas Digitais no Brasil: Fundamentos Econômicos, Dinâmicas de Mercado e Promoção de Concorrência*” explains that competition policy should “differentiate competitive from anti-competitive results, efficient from inefficient” and that, “to this end, the tools need to evolve”; it then recommends expanding the regulatory toolkit and updating antitrust tools to deal with “ecosystems” and network effects (Brasil, p. 89, 2024).

In contrast, the UK's *Digital Markets, Competition, and Consumers Act* (DMCC) expressly provides for the *Countervailing Benefits Exemption* (CBE)[9]. Under the law, the *Competition and Market Authority* (CMA) must close an investigation into possible non-compliance with "conduct requirements" when the company demonstrates countervailing benefits that satisfy cumulative legal conditions (substantial benefits to users/consumers, proportionality, absence of less burdensome means, and preservation of effective competition). The CMA's official guidance details the elements of the CBE and operationalizes the balancing tests (including that the benefits must outweigh the competitive detriment, not be achievable by less burdensome means, and that the conduct be proportionate and not eliminate effective competition).

In summary, although Article 47-E requires "economic justification," the absence of parameters (metrics, tests, and evidentiary standards) and a formal defense of efficiencies leaves potentially designable companies in a state of regulatory uncertainty, departing from the antitrust tools recommended in the official economic agenda itself and from the comparative standard of the DMCC, which established a clear counterweight mechanism (CBE).

I.1 Methodology for defining eligible economic groups

This section describes the methodological approach for identifying potentially designated economic agents ("designable") and the designation scenarios considered. The starting point is the criteria set forth in Bill 4675/2025: (i) quantitative revenue threshold (R$ 50 billion globally or R$ 5 billion in Brazil, per year) and (ii) non-cumulative set of qualitative characteristics that guide the designation. The quantitative criterion provides objective screening, while the qualitative criteria introduce discretionary assessment by the authority.

[9] *DMCC – Countervailing Benefits Exemption (CBE). Section 29 of the Digital Markets, Competition and Consumers Act 2024* provides that the CMA must close its investigation into conduct where the company demonstrates cumulatively that: (a) the conduct generates benefits to users or potential users; (b) those benefits outweigh the competitive detriment; (c) the benefits could not be realized without the conduct; (d) the conduct is proportionate; and (e) the conduct does not eliminate or prevent effective competition. See the legal text (s.29(2)) and the CMA guidance (paragraphs 7.63–7.66), which operationalizes the test and describes the mandatory closure when the CBE applies.

To determine the potentially designated economic groups, a two-step methodology was established:

1. **Revenue estimate:** estimates of companies' national and global revenues used publicly available financial information, where available. In the absence of publicly available information, which is common for the domestic market, estimates of the total market were used in conjunction with the company's market share.

2. **Services and products covered by Bill 4675/2025:** To segment the services and products that were considered for the revenue estimation stage, demand was limited to services and products within the scope of Bill 4675/2025, using the seven qualitative criteria presented as a guide, as well as the SRE/MF subsidy report[10].

Once the potentially designated economic groups have been determined, the revenue of each company in these groups is estimated. To do this, the profitable activity of each target company is initially defined and the total revenue of its markets on a national and global scale is investigated. This value is then multiplied by each company's market share to obtain its individual revenue. As an adjustment, for commission-based activities, the value found is weighted by the company's specific rate or the industry average. Finally, in some exceptions in the global market, revenue was extracted directly from the companies' annual reports[11]. Using the revenue data by company, the aggregate revenue of the economic group was also calculated, which is used as a designating criterion in Bill 4675/2025.

Monthly Active Users (MAUs) were the priority metric for defining the size of the companies, as they are related to the qualitative criterion of a significant user

[10] Report on the Systematization of Contributions to Subsidy Decision No. 1/2024, from the Secretariat for Economic Reforms of the Ministry of Finance. Available at: https://www.gov.br/fazenda/pt-br/central-de-conteudo/publicacoes/relatorios/sre/relatorio-sre-tomada-de-subsidios.pdf.

[11] Revenue data was extracted from sources such as the Statista platform, industry association reports, and market reports. Market share data was obtained from platforms such as *Statista* and *StatCounter*, as well as specialized reports, such as those from *DataReportal* and *MobileTime*, and industry associations.

base and are important for the future measurement of compliance costs. This number was obtained in two main ways: directly from data disclosed about each company or, when this information was not available, by applying the company's market share to the total number of users in the sector. In cases where the MAU metric was not applicable, proxies were used, such as the number of client companies or households with electronics[12].

I.2 Methodology for defining the scope of Bill 4675/2025

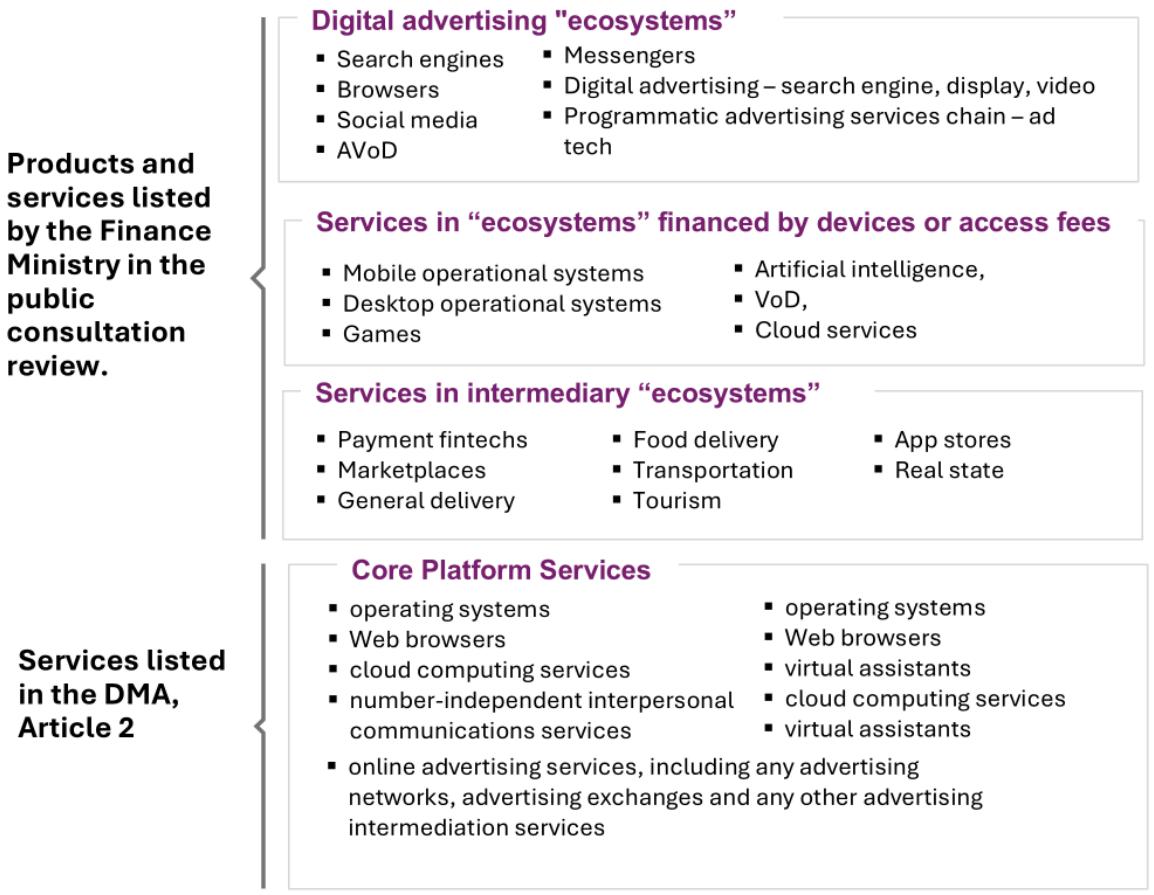
To define the universe of products and services that fall within the intended scope of Bill 4675/2025, two main sources were used: (i) the Ministry of Finance document on competitive aspects of digital regulation[13]; and (ii) the Core Platform Services defined in Article 2 of the *European Digital Markets Act* (DMA)[14].

[12] Data on company size comes from a combination of sources, such as *IBGE (PNAD)* and *TIC Empresas* surveys, platforms such as *DataReportal* and *Statista*, as well as market reports and reports from the companies themselves.

[13] Digital Platforms: Competition Aspects and regulatory Recommendations for Brazil, footnote 178. Available at: https://www.gov.br/fazenda/pt-br/central-de-conteudo/publicacoes/relatorios/sre/relatorio-consolidado-traducao-26122024.pdf.

[14] *DMA Full Text, Article 2*. Available at: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:32022R1925.

Figure 4 – Digital products and services listed by the Brazilian Ministry of Finance and by DMA



Developed by: Ecoa Consultoria Econômica.

Scope delimitation in Bill 4675/2025 and the risk of regulatory overreach

The architectural design of Bill 4675/2025 introduces a structural bias towards Type I errors (false positives), the incorrect identification of competitive conduct or non-dominant firms as harmful or systemic. By setting broad quantitative thresholds combined with open-ended qualitative criteria, the Bill creates a presumption of regulation that disregards the "Error Cost Framework" fundamental to antitrust economics in dynamic markets.[15]

[15] In the context of competition policy and regulation, Type I Errors (False Positives) occur when a regulatory authority intervenes against conduct or a firm that is actually pro-competitive or benign. Conversely, Type II Errors (False Negatives) occur when the authority fails to intervene against conduct that is actually anticompetitive. The 'Error Cost Framework' posits that the optimal legal standard minimizes the sum of the welfare costs of both types of errors. In digital markets, Type I errors are often considered more costly due to the loss of innovation and the market's natural ability to self-correct Type II errors over time through technological disruption.

Economic literature emphasizes that in rapidly evolving digital sectors, the social cost of false positives (over-regulation) generally exceeds that of false negatives (under-regulation). As argued by Manne (2023), Type I errors in digital markets are particularly pernicious because they suppress innovation and new business models, creating a "chilling effect" that is often irreversible. Unlike market power, which can be eroded by entry and technological disruption (a self-correcting mechanism for Type II errors), regulatory barriers tend to be durable and stickier, insulating incumbents from competition rather than fostering it.

By setting a local revenue threshold of R$ 5 billion and combining it with open-ended qualitative criteria, the Bill captures a heterogeneous group of economic agents. This includes not only global ecosystems but also local digital intermediaries and regional companies that, while successful, lack the entrenched market that justify ex-ante intervention. Economic literature emphasizes that applying heavy-handed regulation to non-dominant firms, false positives, is often more damaging to social welfare, as it suppresses the competitive dynamics of challengers trying to unseat incumbents (Evans & Padilla, 2005).

Furthermore, the definition of the economic group as the unit of designation exacerbates this overreach. This approach implies that regulatory obligations apply to the entire corporate structure, covering subsidiaries and business lines regardless of their specific market power or relevance to the “digital ecosystem”. This "conglomerate liability" creates entry barriers for the group’s subsidiaries in adjacent markets, restricting their ability to compete on merit rather than on their individual conduct. Consequently, the Bill risks regulating efficient market players merely due to their corporate affiliation, stifling the growth of local players that are critical for Brazilian digital competitiveness.

The static nature of ex-ante obligations risks crystallizing market structures based on past dominance, failing to account for the speed of technological displacement. Bill’s approach of designating entire economic groups based on revenue, rather than specific conduct in defined relevant markets, exacerbates this risk. It imposes heavy compliance burdens on subsidiaries and services that do not

possess gatekeeper power, effectively taxing their ability to compete and innovate. Consequently, the regulation risks generating a net welfare loss by preventing the emergence of efficient pro-competitive conduct that is mistakenly categorized as systemic risk.

How the Economic Structure of the PL Creates Legal and Regulatory Uncertainty

The economic vagueness of Bill 4675/2025 translates directly into legal uncertainty. The interaction between imprecise economic definitions and the administrative process creates a framework of "unlimited discretion," where the boundaries of legality are determined ex-post by the authority rather than ex-ante by the law. This structural flaw manifests in three critical dimensions:

1. **Vague Criteria and Arbitrary Enforcement**: The use of non-cumulative qualitative criteria, capped by the catch-all phrase "among others," transforms the designation process into an open-ended standard rather than a clear rule. Following the seminal distinction by Kaplow (1992) between "rules" (determined ex-ante) and "standards" (determined ex-post), the Bill relies heavily on vague standards. While standards allow flexibility, in the absence of safe harbors or quantitative anchors, they generate high compliance costs and unpredictability, leading to a perception of arbitrary enforcement where firms cannot reasonably predict their regulatory status.
2. **Absence of Safe Harbors:** Unlike the European DMA, which provides clear quantitative floors below which firms are presumed exempt, the Brazilian proposal lacks "safe harbors." This absence prevents firms from self-assessing their exclusion from the regime, forcing a wide array of market participants into a state of permanent regulatory contingency.
3. **Legal Instability via economic group designation**: By anchoring designation to the economic group without requiring a structured analysis of harm or a nexus of causality between the subsidiary’s conduct and the ecosystem’s power, the Bill decouples regulation from economic rationale. This creates legal fragility, as administrative acts imposing obligations on non-systemic subsidiaries are likely to be challenged in courts for lacking proportionality and reasonable economic justification.

In summary, the economic structure of the Bill fails to provide the "bright-line rules" necessary for a stable investment environment, replacing market signals with regulatory discretion.

I.2.1 Methodology for defining revenue from economic groups

Once the services considered within the regulatory scope of Bill 4675/2025 had been defined, a methodology was developed to estimate the revenue of the main economic groups.

The methodology is based on three steps. First, based on the global and national market shares of services within the scope of Bill 4675/2025, the total universe of firms to be considered was defined. For each firm, revenue-generating activities were mapped, and each activity was classified within a type of service based on its business model. The classification into business model categories will be important not only for determining revenues, but also for determining costs and how they will be passed on in the production chains of regulated economic agents.

Table 1 - Examples of revenue sources from business models in the scope of Bill 4675/2025

Service	Revenue Source
Search engine	Advertising
Operating System	Operating System
App Store	Marketplace
Online Retail	Marketplace
Cloud	Cloud
Social Network	Advertising
Ride Sharing	Marketplace
Delivery	Marketplace
AI	Cloud
Financial intermediation	Financial intermediation
Travel Agencies	Marketplace
Cell phone sales	Hardware
Streaming	Advertising and register

Developed by: Ecoa Consultoria Econômica.

To estimate revenues, both for the national and global scenarios, the following approach was used:

- Where available, public financial data from the companies and services considered were used.
- When financial data was not available, which was particularly common in the case of national revenue, revenue was estimated at the market level, and then individual revenues were estimated based on the corresponding market shares[16]. When the business model was commission-based, revenue was adjusted proportionally to the take rate where appropriate.

Finally, the results were aggregated at the economic group level to comply with the thresholds established by Bill 4675/2025.

I.3 Designable Economic Agents

Considering the open and non-cumulative nature of the qualitative criteria in Bill 4675/2025, the analysis considers four distinct designation scenarios, which reflect various levels of regulatory discretion.

Scenario I – Economic Groups with probable designation (“Probably Designable”)

This scenario includes companies that simultaneously meet the revenue criterion (R$ 50 billion globally or R$ 5 billion in Brazil) and present multiple qualitative criteria (at least four of the seven criteria listed in Bill 4675/2025). Furthermore, and following the text of the bill, economic groups that can be characterized as “digital ecosystems” under the terms of the operational definition adopted were included in this scenario[17].

[16] Sources for market share estimates vary in each case; sources used include StatCounter, Statista, SimilarWeb, DataReportal, and others. When available, the results found were compared to market reports.

[17] The operational definition adopted for ‘digital ecosystems’ refers to services and rules under common governance, centered on a company, which connect markets and users through shared systems to integrate data and functionalities.

These companies represent the clearest cases for designation, where there is convergence between quantitative and qualitative criteria, and where the Treasury Department has indicated that initially no more than 5-10 firms would be likely to be designated.

Scenario II – Companies at risk of designation ("At Risk")

This scenario expands first to include companies that meet the revenue criterion and have at least two of the qualitative requirements, especially in cases where the Ministry of Finance report describes the company or its services as constituting an "ecosystem".

This group represents cases in which the designation is plausible, given that the qualitative criteria are not cumulative, and the company has relevant characteristics of market power or systemic importance, albeit to a lesser degree than the companies in Scenario I.

Scenario III – Companies at medium risk of designation ("Medium Risk")

The third scenario includes companies that meet the revenue criterion and have at least one of the qualitative requirements.

Given that the qualitative criteria are non-cumulative and illustrative, and considering the breadth of discretion granted to the regulator, these companies cannot be ruled out as potentially subject to designation.

Scenario IV – Companies at medium risk ("Medium Risk"), fintechs, and financial institutions

The broader scenario replicates the criteria for "Medium Risk," but adds financial institutions and fintechs that would fall under the definitions of Bill 4675/2025. Thus, the scenario considers expansion to this other category of economic groups, which are also potential targets of the new regulation.

The classification into scenarios allows for a gradual analysis of the regulatory impact, from a more restrictive scenario, based on initial statements by members of

CADE and the Ministry of Finance, to a broader scenario that reflects the potential for exercising the regulatory discretion provided for in Bill 4675/2025.

Table 2 summarizes the designation criteria in each scenario:

Table 2 – Different scenarios for companies' designation under the criteria from Bill 4675/2025

	Designable	At Risk	Medium Risk	Medium Risk, fintechs, and financial institutions
Quantitative Criteria	Global revenue of R$ 50 billion or local revenue of R$ 5 billion	Global revenue of R$ 50 billion or local revenue of R$ 5 billion	Global revenue of R$ 50 billion or local revenue of R$ 5 billion	Global revenue of R$ 50 billion or local revenue of R$ 5 billion
Qualitative Criteria	Meets at least four of the seven qualitative criteria	Meets at least two of the seven qualitative criteria	Meets at least one of the seven qualitative criteria	Meets at least one of the seven qualitative criteria
"Digital Ecosystem"	Classified as "digital ecosystem"	Classified as "digital ecosystem"	Not necessarily classified as "digital ecosystem" category	Not necessarily classified as "digital ecosystem" category
Financial Markets	Does not consider fintechs and financial institutions	Does not consider fintechs and financial institutions	Does not consider fintechs and financial institutions	Considers fintechs and financial institutions

Developed by: Ecoa Consultoria Econômica.

The inclusion of financial institutions and fintechs in the designation scenarios highlights a critical institutional flaw in the proposal: the risk of a conflict of competence with the Central Bank of Brazil (BCB). The financial sector is already subject to a robust, sector-specific regulatory regime that oversees systemic risk, interoperability, and competitive conduct. By failing to explicitly exclude these entities, Bill 4675/2025 creates a scenario of "dual regulation", where firms may be subject to conflicting ex-ante obligations from both CADE and the BCB. This jurisdictional overlap generates significant legal uncertainty and imposes redundant

compliance costs, potentially compromising the efficiency and stability of the national financial system.

The different scenarios presented indicate how the discretion granted by the bill to the Superintendence of Digital Markets may result in a very broad list of designations, creating uncertainty for a wide range of companies that will be exposed to restrictive regulation depending on the agents who, with each new term, will be responsible for enforcing the possible new bill.

In the scenario of companies at risk of designation, the list would expand to 11 economic groups locally and 24 globally. In the medium-risk scenario, this number would increase to 16 local groups and 26 global groups. In the last scenario, the inclusion of fintechs and financial institutions increases the number of designated groups in the domestic market by eight, totaling 24 economic groups.

Table 3 details the number of groups designated in each of the scenarios evaluated, separated by domestic and global markets.

Table 3 – Comparison of the number of designated groups (national and global) in each scenario

	Designable	At Risk	Medium Risk	Medium Risk, fintechs, and financial institutions
Number of groups (national)	7	11	16	24
Number of groups (global)	8	22	26	-
Total number of groups	10	26	32	-

Developed by: Ecoa Consultoria Econômica.

I.3.1 Economic groups designated by baseline scenario I

The baseline designation scenario was based on conservative criteria where there are a limited number of regulated economic agents. These scenarios incorporate economic groups that meet at least four of the seven qualitative criteria,

in addition to the quantitative revenue criterion. Furthermore, the construction of this scenario is based on the initial disclosure by the Ministry of Finance that the regulation would initially cover up to 10 economic groups[18]. The list of services and activities presented is not exhaustive, focusing on the core services with the greatest presence in Brazil. Additional mappings may be incorporated as the regulatory project evolves.

Table 4 presents the firms that can be designated based on the baseline scenario, considered the most likely for the initial effective date of Bill 4675/2025.

Table 4 - Designable Economic groups based on the quantitative and qualitative criteria of Bill 4675/2025 - Base Scenario

Economic Group	Service	Company
Alphabet	AI	**Google Gemini**
	App Stores	**Google Play Store**
	Cloud	**Google Cloud**
	Operating System	**Android**
	Operating System	**Chrome OS**
	Search engine	**Google**
	Social Network	**YouTube**
Amazon	Cloud	**AWS**
	Online Retail	**Amazon**
	Social Network	**Twitch**
	Streaming	**Amazon Prime Video**
Apple	App stores	**Apple**
	Cell phone sales	**Apple**
	Operating System	**iOS**
	Operating System	**OS X**
	Streaming	**Apple TV**
Bytedance	Online Retail	**TikTok Shop**
	Social Network	**TikTok**
Didi Chuxing	Ride Sharing	**99**
Mercado Livre	Online Retail	**Mercado Livre**
Meta	Social Network	**WhatsApp**
	Social Network	**Instagram**
	Social Network	**Facebook**

[18] GHIROTTO, Eduardo. Minuta da Fazenda obriga gatekeepers a divulgarem informações sobre oferta e uso de serviços. Jornal Jota. August 28, 2025. Disponível em: https://www.jota.info/executivo/minuta-da-fazenda-obriga-gatekeepers-a-divulgarem-informacoes-sobre-oferta-e-uso-de-servicos.

	Social Network	**Messenger**
Microsoft	Search engine	**Bing**
	Operating System	**Windows**
	AI	**Microsoft Copilot**
	Cloud	**Microsoft Cloud**
	Operating System	**Xbox**
	Social Network	**Linkedin**
Prosus	Delivery	**Ifood**
	Online Retail	**OLX**
	Travel Agencies	**Decolar**
Uber	Ride Sharing	**Uber**

Source: *Statista, Demonstrativos, Datereportal, TIC Empresas, TIC Domicílios 2024*. **Developed by:** Ecoa Consultoria Econômica.

The classification of eligible companies under additional scenarios II, III, and IV is described in detail in **Annex A**.

II. Comparative Analysis

The criteria adopted by the Brazilian bill preserve the characteristics established by the European Union's *Digital Markets Act* (2022) and the United Kingdom's *Digital Markets, Competition and Consumer Act* (2024), but with substantial differences, which will be discussed below. These differences, both quantitative and qualitative, give the Brazilian proposal greater discretion for interpretation and enforcement of the law by the competition authority, pointing to a scenario of uncertainty. This lack of predictability regarding the scope of the regulation, in turn, affects the decision-making of companies, which now have greater doubts about the applicability of the rule to their activities.

The European Union's approval of the *Digital Markets Act* in 2022 sparked debate about the characterization and economic impacts of regulating target companies. Following the *DMA*, the United Kingdom developed its own regulatory document with the approval of the *Digital Markets, Competition, and Consumers Act* in 2024, which empowers the *Competition and Markets Authority* (CMA) with new responsibilities and powers for ex-ante regulation in digital markets.

In a brief comparative analysis[19], it can be noted that, in terms of quantitative criteria, the *DMA* combines high levels of revenue/capitalization with user base metrics (end users and professionals), restricting the scope to very large-scale companies; the *DMCC* adopts global and local revenue thresholds and allows other usage indicators depending on the activity. Bill 4675/2025, in turn, uses global or national revenue thresholds without specific quantitative metrics for the number of users and applies them to the economic group, which tends to broaden the potential scope of the designation.

In terms of qualitative criteria, the *DMA* conditions designation on the existence of central services that function as gateways, with an entrenched and lasting position; the *DMCC* requires substantial and entrenched market power and strategic significance in digital activity. Bill 4,675/2025, on the other hand, employs the notion of systemic relevance and extends designation to economic groups, with open and non-cumulative factors.

The main aspects of the three pieces of legislation are set out in **Table 5**:

Table 5 - Comparison between the quantitative and qualitative criteria of the main digital market legislation and the Brazilian bill

	DMA (UE)	***DMCC*** (GB)	**Bill 4675/2025** (Brazil)
Minimum sales	€7.5 billion in the European Union OR €75 billion in market capitalization	£1 billion locally OR £25 billion globally	R$5 billion locally OR R$50 billion globally
Minimum number of users	45 million monthly active end users + 10,000 annual professional users (EU)	No specification	No specification
Minimum time required	Consolidation period of 3 consecutive years	Reference period of 12 months	Annual calculation
Geographical Scope	EU Members	United Kingdom	Brazil
Market position	Size + access control + consolidation testing	Substantial and entrenched market power + strategic significance	Multi-sided companies with network effects

[19] A comparative analysis between Bill 4.675/2025, the DMA, and the DMCC is available in **Annex B**.

Qualitative strategies	Commission with discretionary power to assess market impact and entrenched and lasting position	5-year forward-looking assessment of firms' market power	6 possible factors, such as vertical integration and significant access to relevant data

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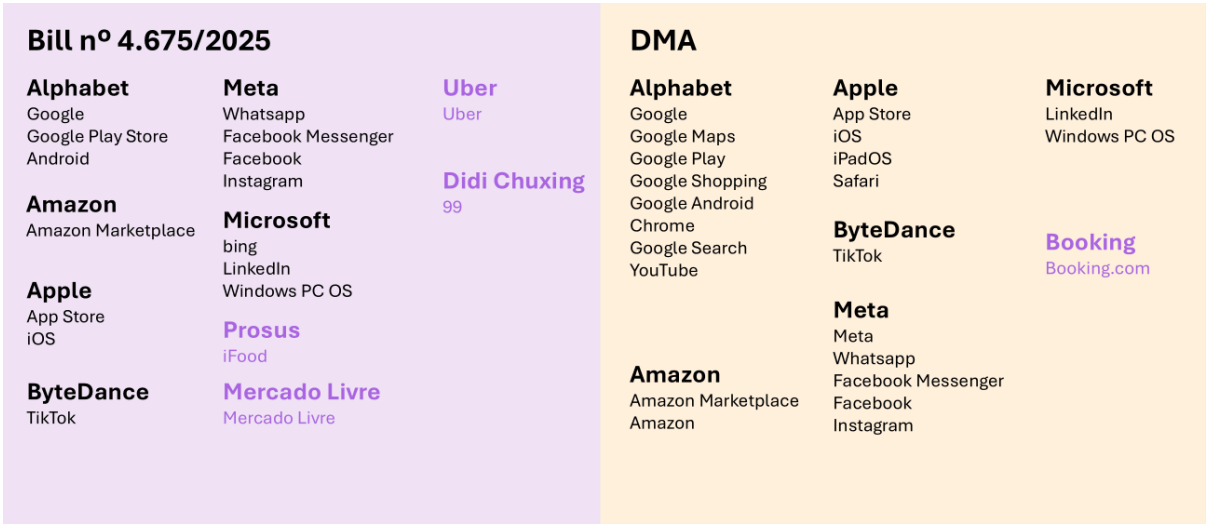
The differences in the definition of regulated economic agent are important for selecting the number of agents that will be subject to scrutiny under the legislation and the number of agents that will bear the burden of compliance costs. This is evident from the number of companies affected by European regulation, currently seven access control target companies, and the number of companies that may be regulated by the Brazilian proposal, possibly around ten economic groups of systemic importance in digital markets.

The seven access control companies designated by the DMA are Alphabet, Amazon, Apple, Booking, ByteDance, Meta, and Microsoft. These companies were designated based on the relevance of different companies that carry out important activities in the digital market[20]. In the Brazilian context, the list of potential designated economic groups would be an expanded version of the DMA's, excluding Booking and including two types of agents: companies with a strong local presence, such as Mercado Livre, Prosus, and Uber, and internationally prominent companies, such as OpenAI and Didi Chuxing.

[20] Access control companies were designated based on their performance in various services and their respective companies, such as: social network services (TikTok, Facebook, Instagram, and LinkedIn); intermediation services (Google Maps, Google Play, Google Shopping, Amazon Marketplace, App Store, and Booking.com); advertising services (Google, Amazon, and Meta); web browsers (Chrome and Safari); operating systems (Google Android, iOS, iPadOS, and Windows PC OS); interpersonal communication services (WhatsApp and Messenger); video sharing companies (YouTube); and search engines (Google Search).

Figure 5 - Comparison of companies eligible for designation under Bill 4675/2025 and effectively designated by the DMA



Source: Digital Markets Act (DMA)[21] Bill 4.675/2025. **Developed by:** Ecoa Consultoria Econômica. **Note:** In bold are the groups regulated in common between Bill 4675/2025 and the *DMA*, and in purple are those that differ between the regulatory projects.

III. Estimated economic impact of Bill No. 4765/2025

Economic literature recognizes that regulatory interventions generate compliance costs with implications for the competitive dynamics of markets (Stigler, 1971; Peltzman, 1976). Measuring these effects is a fundamental element for the *ex-ante* evaluation of public policies, the appropriate institutional design, and the determination of the proportionality between costs incurred and expected benefits (OECD, 2014).

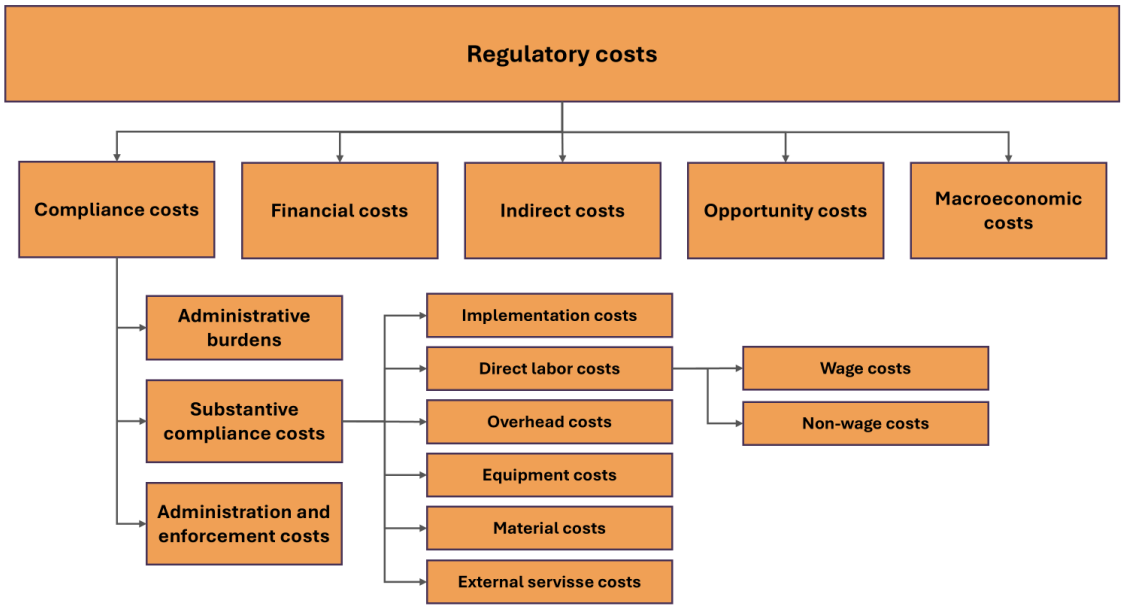
Regulatory cost assessment allows us to verify whether the proposal creates incentives compatible with its stated objectives (Viscusi, Harrington & Vernon, 2005) and fulfills two main functions. The first is to guide the development of calibrated regulatory frameworks, providing a comprehensive assessment of economic outcomes. This approach ensures that policymakers understand direct and indirect effects, weigh costs and benefits, and assess systemic implications prior to

[21] ***Gatekeepers***. Available at: https://digital-markets-act.ec.europa.eu/gatekeepers_en. Accessed in 26 set. 2025.

implementation (Coglianese, 2012). The second is to establish a baseline for ex post monitoring, allowing for an assessment of whether the observed results correspond to initial projections and whether regulatory objectives have been achieved efficiently (Deighton-Smith, Erbas & Kauffmann, 2016).

Figure 6 below, taken from the OECD guidelines (OECD, 2014), illustrates the complete taxonomy of regulatory costs, highlighting the complexity and extent of the components that must be considered in a comprehensive impact analysis. The hierarchical structure presented distinguishes between compliance costs, financial costs, indirect costs, opportunity costs, and macroeconomic costs, each with its respective subcategories.

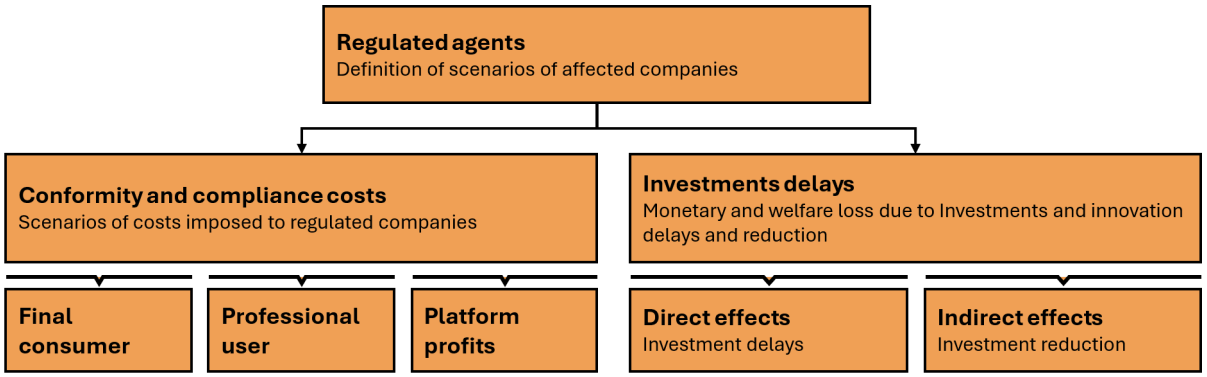
Figure 6 – Composition of total regulatory costs



Source: Reproduction of OECD (2020).

This taxonomy serves as a methodological reference for the present analysis, although, given the data and analytical capacity constraints typical of preliminary studies, the scope of this assessment focuses primarily on direct compliance costs and conservative estimates of indirect effects on investment and innovation. The effects estimated in this opinion are presented in **Figure 7** and are a subset of the total effects of the regulatory project.

Figure 7 - Estimative of regulatory costs

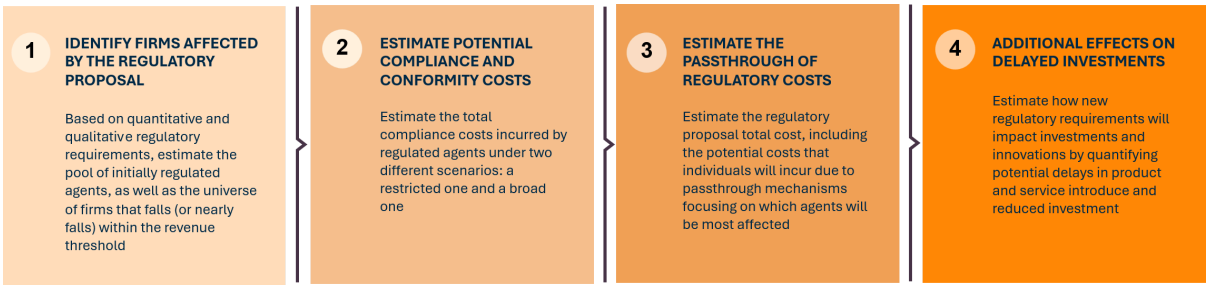


Developed by: Ecoa Consultoria Econômica.

This section estimates the total economic impact of Bill No. 4675/2025. The analysis follows a value-chain approach: regulatory costs initially materialize as direct compliance expenditures borne by designated companies, which are subsequently transmitted, via pricing adjustments in fees, commissions, and service charges, to professional users and end consumers. Beyond these direct costs, the section also quantifies indirect effects arising from regulatory uncertainty, specifically the dampening impact on investment decisions and innovation activity in the digital sector.

The analysis of the economic impact of Bill 4675/2025 was structured in four sequential stages, as outlined in **Figure 8**, following the methodological guidelines established by the OECD for assessing administrative costs (OECD, 2014) and incorporating recent developments in the literature on digital market regulation (Crémer, de Montjoye & Schweitzer, 2019; Furman et al., 2019).

Figure 8 – Flowchart of methodological steps



Developed by: Ecoa Consultoria Econômica.

The first step in determining total compliance costs is determining the set of affected companies, which was addressed in the previous section, which deals with determining scenarios for potentially designated economic agents.

The methodology resulted in the stratification into three scenarios (Scenarios I, II, and III), reflecting increasing levels of regulatory discretion. This scenario-based approach allows us to capture regulatory uncertainty, a critical element in the analysis of digital markets characterized by rapid technological evolution and complex governance structures (Evans & Schmalensee, 2016).

In the next subsection, the remainder 3 steps of the full methodology are developed:

Step 1. Determining the total set of targeted companies

Step 2. Estimating direct compliance and conformity costs

Step 3. Passthrough of total economic burden through the productive chain

Step 4. Additional effect on investments and innovation

III.1 Estimated Direct Compliance Costs (Step 2)

This subsection estimates the compliance costs related to compliance with the regulatory model proposed by Bill 4675/2025. It uses the scenarios for potentially designated economic agents presented in the previous section, as well as the 10-year horizon proposed in Bill 4675/2025.

The quantification of direct compliance costs adopts the *Standard Cost Model* (*SCM*) in its activity-based form, mapping regulatory obligations into elementary activities, estimating times per staff profile, and multiplying by frequency and affected population; it is therefore an essentially bottom-up procedure, as recommended in the OECD guidelines for compliance cost assessments. This approach is appropriate to ensure comprehensiveness and proportionality in the analysis, as well as to create an iterative mechanism for reviewing each obligation for simplification and cost reduction where possible (OECD, 2014).

In complex regulations, the OECD itself admits that a pure SCM may become infeasible due to the multiplicity of obligations and activities to be broken down. For this reason, the DMA[22] compliance reports were used as a basis, which present the efforts undertaken by regulated agents in complying with the obligations determined by the European Commission in the context of the DMA[23].

The selection of DMA compliance reports, specifically the detailed data provided by Meta in 2024 regarding engineering hours, as the primary empirical basis for this estimation is grounded in the similarity of scope between the European legislation and the Brazilian proposal.

Given that Bill 4675/2025 mirrors the core obligations of the DMA, the technical efforts required for compliance (e.g., system interoperability, data segregation, and reporting architectures) are assumed to be comparable in terms of engineering intensity. Consequently, the specific metric of “engineering hours” reported serves as a proxy for the volume of technical labor required. To translate this technical effort into the Brazilian economic reality, these hours were not valued at European market rates, but rather priced using domestic labor market data from the Annual Social Information Report (RAIS). Finally, to account for the difference in market scale between the two jurisdictions, these costs were normalized per million

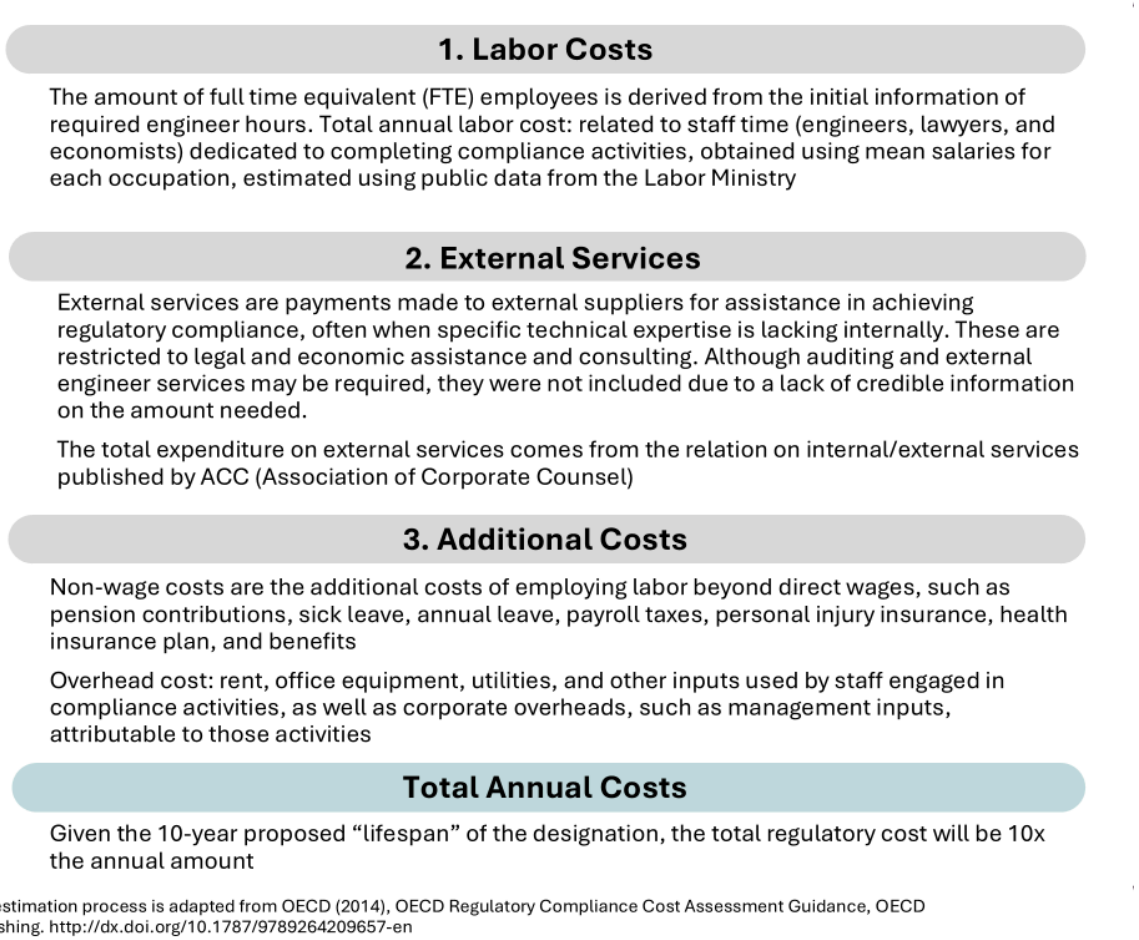
[22] Compliance submitted by designated agents can be found at: https://digital-markets-act-cases.ec.europa.eu/reports/compliance-reports

[23] The submission of the Meta form was specifically used, which includes engineering hours dedicated solely to fulfilling the *DMA*. Compliance reports are available at: https://digital-markets-act-cases.ec.europa.eu/reports/compliance-reports.

users, allowing for a proportional projection of the regulatory burden applicable to the designated services in Brazil.

Building upon this baseline of technical effort, represented by total “engineer hours”, the cost structure was expanded to encompass the full spectrum of compliance activities, strictly adhering to the taxonomy established by the OECD Standard Cost Model. The total compliance burden was stratified into three cumulative layers: (i) Direct Labor Costs, (ii) External Services, and (iii) Additional Costs (Overheads and Non-wage charges), as presented in **Figure 9.**

Figure 9 - Cost estimation structure using SCM



This estimation process is adapted from OECD (2014), OECD Regulatory Compliance Cost Assessment Guidance, OECD Publishing. http://dx.doi.org/10.1787/9789264209657-en

Developed by: Ecoa Consultoria Econômica.

First, the raw 'engineering hours' were converted into Full-Time Equivalent (FTE) roles to establish the core technical workforce. Recognizing that regulatory compliance is intrinsically multidisciplinary, complementary internal staff, specifically

legal and economic teams, were projected using functional ratios relative to the engineering workforce (approximately 10% for legal and 2% for economic staff)[24], reflecting the operational reality that technical implementation requires continuous interpretive guidance. Salary level data were obtained from RAIS (Brazilian Annual Social Information Report), where, based on the selection of CBOs (Brazilian Classification of Occupations), an average salary for each relevant occupation was calculated for the last five years[25].

Second, "*External Services*" were incorporated to account for specialized consultancy and third-party auditing. These costs were estimated as a specific proportion of the internal labor costs for legal and economic functions, capturing the reliance on outside counsel and economic experts typical in complex antitrust proceedings.[26]

Finally, in order to capture the fully distributed cost of regulatory adherence, "*Additional Costs*" were applied as fixed mark-ups on the direct labor base. Following standard OECD guidelines for identifying substantive compliance costs, a 50% mark-up was applied for "*Overhead costs*" (covering infrastructure, utilities, and management), alongside a 36.8% mark-up for "*Non-wage labor costs*" (covering payroll taxes and benefits). This cascade methodology ensures that the final estimate encompasses not just the salaries of the engineers building the tools, but the complete organizational infrastructure required to sustain the compliance regime.

[24] The ratios were extracted from CCIA (2025) as well as complementary information presented in the DMA's compliance reports, that point to the technical effort to be the main conformity effort.

[25] The engineering hours presented in Meta (2024) were converted to FTE (Full Time Equivalent) for the first two years of DMA, resulting in a fixed number of employees. To calculate the remaining staff required, estimates presented by CCIA (2025) and the European Commission's legal and economic team regarding DMA enforcement were used, available at: https://www.bruegel.org/blog-post/insights-successful-enforcement-europes-digital-markets-act.

[26] The estimation of external services assumes that companies will rely on consultancy firms for antitrust and regulatory compliance. This follows the "External service costs" category defined in the OECD taxonomy, which includes fees paid to outside experts. The ratio used is an estimate based on corporate legal department benchmarks available at: https://www.acc.com/sites/default/files/2023-06/ACC_2023_LDMB_Report_Executive_Summary.pdf.

The estimated annual costs, per a million users of the designated service, are presented in **Table 6**[27]. The results are broken down by each cost element considered in the cost estimation methodology.

Table 6 - Estimated compliance cost, by millions of users

Scenario 1 - Without fixed costs	
Total Cost Composition	
Annual fixed costs (Total number of users)	-
Annual variable costs (per million users)	**187.700**
1. Labor costs	**99.524**
1.1 Computing and data Engineer	**91.022**
1.2 Lawyers	**7.041**
1.3 Economists	**1.462**
2. External services	**13.831**
2.1 Lawyers	**2.378**
2.2 Economists	**2.378**
3. Additional costs	**74.345**
3.1 Non-wage costs	**24.583**
3.2 General expenses (*overhead*)	**49.762**

Scenario 2 - With fixed costs	
Total Cost Composition	
Annual fixed costs (Total number of users)	**14.154.917**
Annual variable costs (per million users)	**140.775**
1. Labor costs	**74.643**
1.1 Computing and data Engineer	**68.267**
1.2 Lawyers	**5.281**
1.3 Economists	**1.096**
2. External services	**10.373**
2.1 Lawyers	**1.783**
2.2 Economists	**1.783**
3. Additional costs	**55.759**
3.1 Non-wage costs	**18.437**
3.2 General expenses (*overhead*)	**37.322**

Note: Developed from the framework present *OECD* (2014), from the number of hours described in Meta (2024).
Developed by: Ecoa Consultoria Econômica.

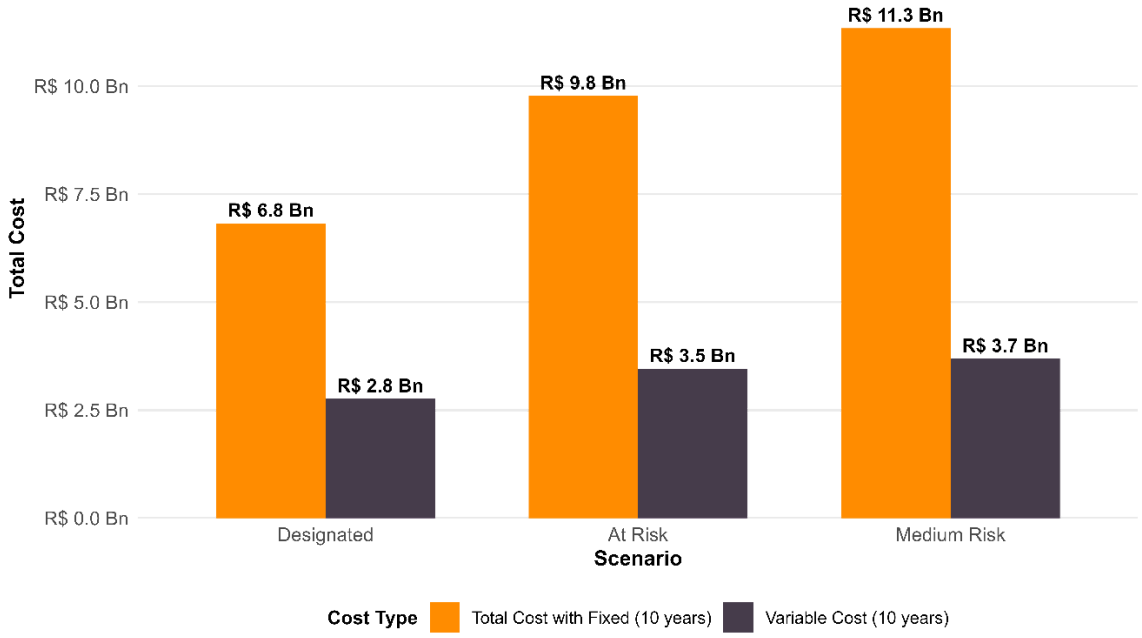
Furthermore, two distinct scenarios were considered: with and without the incorporation of a portion of fixed costs in the total for the reference case[28]. The

[27] The extrapolation based on “Cost per Million Users” assumes a linear relationship between user base size and compliance costs. While this provides a standardized metric for comparison, in reality, compliance costs likely follow a step-function or a curve with diminishing marginal costs. However, given the lack of granular data on the fixed-cost structures of all potentially designated firms, a linear projection per user is adopted as a standard economic proxy to avoid arbitrary assignments of fixed costs.

[28] The fixed cost component was set at 25%, as proposed by Pellefigue (2019) for the cost structure of similar business models. The author used the Diane database to analyze financial statements from approximately 26,000 companies registered under industry codes related to B2C product manufacturing and passenger transportation. The methodology calculated the gross margin of each company and derived the median of the observations, resulting in a gross margin of 76.5% (rounded to 75% for simplicity), which implies variable costs of 25% of revenue. Since Pellefigue (2019) focuses on a similar universe of business models for the calculation of

inclusion of fixed costs allows for the consideration of initial fixed expenses, such as establishing a legal and operational team, to comply with mandatory requirements. As the cost are shown in annual frequency, to obtain total cost for the duration of the designation, 10 years, annual costs must be multiplied by the number of years.

Figure 10 - Estimated compliance costs in each scenario (10 years)



Note: Developed from the framework present *OECD* (2014), from the number of hours described in Meta (2024).
Developed by: Ecoa Consultoria Econômica.

Figure 10 presents a comparison between the calculated cost scenarios considering the 10-year time horizon. For each of the allocation scenarios considered, the assumptions of purely variable cost and inclusion of fixed cost were applied.

III.2 Transfer of regulatory burden (Step 3)

Given the intermediary nature of services within the scope of PL 4675, which connect different groups of users, cost transmission plays a central role in determining how the regulatory burden will be distributed among the various economic agents in the value chain of the regulated entities.

regulatory costs and their transmission, this proportion was adopted as a proxy for the cost structure of digital companies within the scope of Bill 4675/2025.

Unlike other sectors of the economy, where the impact of regulatory costs can be more direct, the targeted companies operate in multi-sided markets, connect different groups of users, typically end consumers and professional users (sellers, service providers, advertisers). This structural characteristic implies that an additional cost imposed on the targeted companies tends to propagate throughout the entire value chain.

To quantify the incidence of the regulatory burden, we employ a Partial Equilibrium Model, similar to the one estimated in ALAI (2024). This approach isolates the vertical transmission of compliance costs through the multi-sided value chain, distinguishing between the initial incidence, the total compliance costs estimated in **Step 2,** and the final economic incidence, the effective burden on consumers, professional users and targeted companies.

Recognizing that cost transmission mechanisms vary by market structure, the possibly designated services are segment into three economic typologies in order to isolate the different cost transmission mechanisms. This approach, aligned with economic literature, divides the companies into:

- **Goods Marketplaces:** Companies that mediate the sale of physical or digital goods between sellers (professional users) and consumers (e.g., traditional marketplaces, app stores). The typical business model involves charging a commission on the revenue generated by the seller.
- **Service Marketplaces:** Companies that connect consumers to service providers (e.g., ride-hailing apps, food delivery, online travel agencies). The business model is also usually based on charging a commission on the revenue generated by the service provider.
- **Direct sales:** Companies that sell a product or service directly to businesses (B2B) or to the end consumer (B2C) (e.g., digital advertising, cloud services, operating systems).

This segmentation underpins the "upstream-downstream" passthrough channels and aligns with the literature on vertical passthrough, according to which the final effect on the consumer price depends on the product of upstream and downstream *passthrough*.

The initial costs incidence, i.e. the compliance costs, for each of the business models considered are available in **Table 7**. The total cost is estimated by multiplying the number of active users for each targeted company, in the three mains scenarios of the destination list.[29]

Table 7 - Compliance costs by business model (10 years)

	Probably Designable		At Risk		Medium Risk	
Services	Without fixed costs (10 years)	With fixed costs (10 years)	Without fixed costs (10 years)	With fixed costs (10 years)	Without fixed costs (10 years)	With fixed costs (10 years)
1. Goods Marketplace	**R$ 457 Mi**	**R$ 1.324 Mi**	**R$ 462 Mi**	**R$ 1.469 Mi**	**R$ 619 Mi**	**R$ 2.436 Mi**
1.1 Online Retail	R$ 143 Mi	R$ 805 Mi	R$ 148 Mi	R$ 950 Mi	R$ 305 Mi	R$ 1.918 Mi
1.2 App stores	R$ 314 Mi	R$ 519 Mi	R$ 314 Mi	R$ 519 Mi	R$ 314 Mi	R$ 519 Mi
2. Services Marketplace	**R$ 239 Mi**	**R$ 746 Mi**	**R$ 256 Mi**	**R$ 900 Mi**	**R$ 267 Mi**	**R$ 1.050 Mi**
2.1 Delivery	R$ 105 Mi	R$ 220 Mi	R$ 122 Mi	R$ 374 Mi	R$ 133 Mi	R$ 524 Mi
2.2 Ride Sharing	R$ 118 Mi	R$ 371 Mi	R$ 118 Mi	R$ 371 Mi	R$ 118 Mi	R$ 371 Mi
2.3 Travel Agencies	R$ 17 Mi	R$ 154 Mi	R$ 17 Mi	R$ 154 Mi	R$ 17 Mi	R$ 154 Mi
3. Direct sales	**R$ 2.066 Mi**	**R$ 4.756 Mi**	**R$ 2.742 Mi**	**R$ 7.405 Mi**	**R$ 2.803 Mi**	**R$ 7.856 Mi**
3.1 Digital Advertising	R$ 1.493 Mi	R$ 2.252 Mi	R$ 1.931 Mi	R$ 3.590 Mi	R$ 1.956 Mi	R$ 3.590 Mi
3.2 Operating System	R$ 494 Mi	R$ 1.220 Mi	R$ 494 Mi	R$ 1.220 Mi	R$ 504 Mi	R$ 1.369 Mi
3.3 AI	R$ 0,4 Mi	R$ 283 Mi	R$ 5,5 Mi	R$ 570 Mi	R$ 5,5 Mi	R$ 570 Mi
3.4 Cloud	R$ 11,9 Mi	R$ 526 Mi	R$ 15,1 Mi	R$ 953 Mi	R$ 15,1 Mi	R$ 953 Mi
3.5 Cell phone sales	R$ 49,6 Mi	R$ 179 Mi	R$ 280,1 Mi	R$ 776 Mi	R$ 280,1 Mi	R$ 776 Mi
3.6 Streaming	R$ 16,6 Mi	R$ 296 Mi	R$ 16,6 Mi	R$ 296 Mi	R$ 42,1 Mi	R$ 598 Mi
Total	**R$ 2.763 Mi**	**R$ 6.826 Mi**	**R$ 3.460 Mi**	**R$ 9.774 Mi**	**R$ 3.689 Mi**	**R$ 11.342 Mi**

Note: Estimated total compliance costs for each of the designated agent scenarios, considering or excluding fixed costs. The total costs, estimated individually for each economic agent, are presented according to their classification within the defined market segments. This classification is important for subsequent analysis of the transmission of the economic burden. **Developed by:** Ecoa Consultoria Econômica.

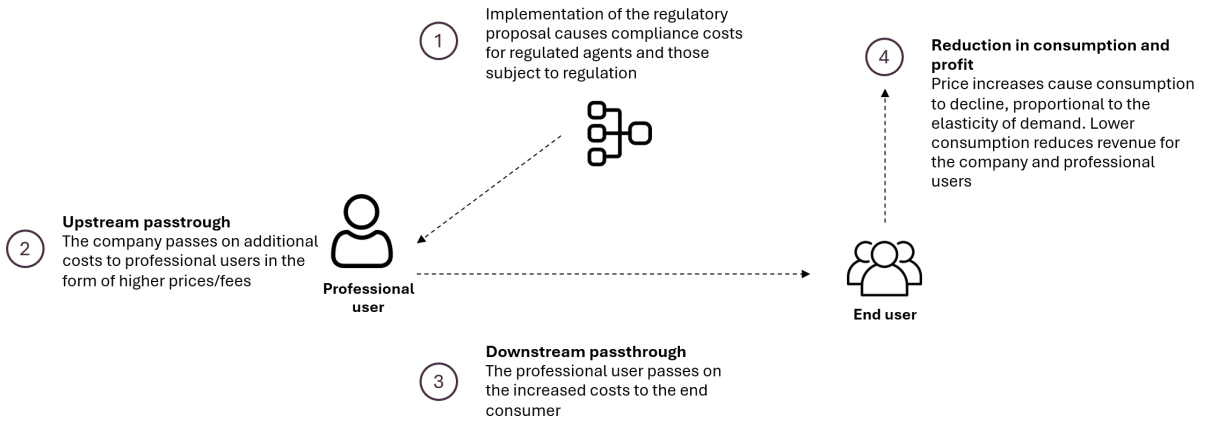
We model a sequential transmission mechanism consistent with vertical market theory. For intermediate models, the burden propagates in two stages, beginning with an Upstream Pass-through, defined as the proportion of compliance costs the designated companies transfers to its professional users (sellers, service

[29] Total number of users were estimated by assuming proportionality between market-share and the share of active users in each service.

providers) via adjustments in fees or commissions. This is followed by a Downstream Pass-through, representing the subsequent transfer of these costs from professional users to end consumers via final prices, whereby the cumulative effect on consumer prices is modeled as a product of these two stages.

Depending on the structure of the regulated agent's business models, the transmission of costs will occur in different ways. The passthrough model, in which companies mediate the relationship between two groups, a marketplace for goods and a marketplace for services, is exemplified in **Figure 11**.

Figure 11 – Transmission of compliance costs in the goods and services marketplaces



Note: Adapted from ALAI (2024) and Pellefigue (2019). **Developed by:** Ecoa Consultoria Econômica.

For marketplaces of goods and services, the cost of regulatory compliance is first passed on from the targeted company to the professional user (upstream passthrough) and subsequently from the professional user to the end consumer (downstream passthrough).

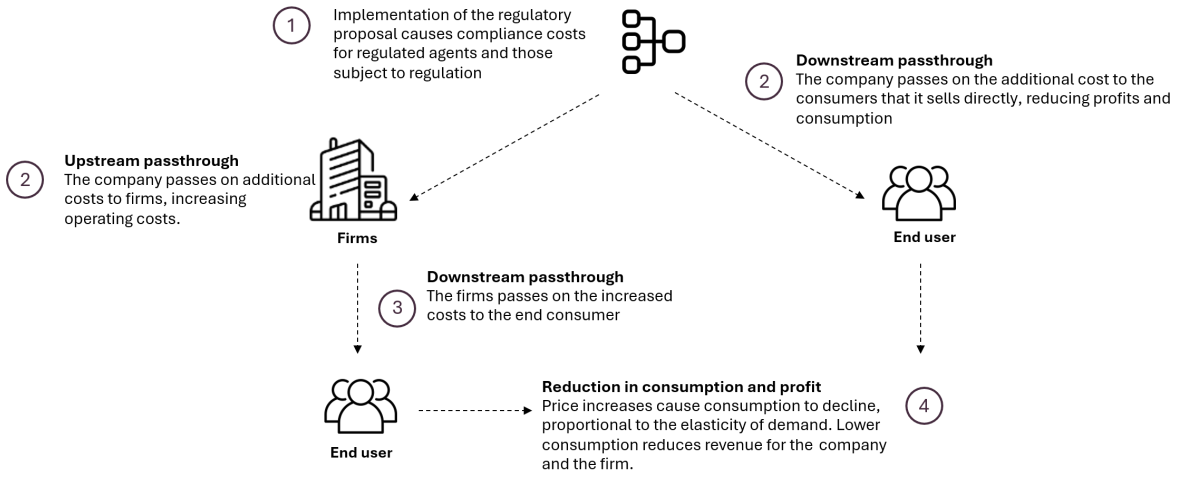
The calculation of the distribution of the economic burden arising from the transmission of compliance costs under Bill 4675/2025 results from a comparison between two states: before and after regulation. For this, three variables will be considered, relating to each stage of the value chain of the designated economic agents:

I. **Targeted company's profit**: corresponds to revenue (commissions, advertising, direct sales) minus variable costs and minus fixed costs (including compliance costs). This is the welfare measure applicable to taxpayers/policy targets in the cross-state comparison methodology. Post-regulation profit is impacted not only by the direct cost of compliance, but also by the reduction in total revenue resulting from the drop in transaction volume due to decreased demand.

II. **Profit for professional users:** this is the net revenue after commissions and other costs (variable and fixed) relevant to the segment. The methodology explicitly considers the drop in volumes resulting from downstream passthrough (price effect) when recalculating revenues and profits in the "regulated" state. Profit is compressed by the increase in fees and commissions charged by the targeted companies (upstream passthrough) and by the reduction in sales volume (resulting from the drop in demand).

III. **Consumer Surplus:** the difference in consumer surplus between the two states. In partial equilibrium, this reduction is caused by two combined factors, namely the increase in the prices of final goods and services (resulting from downstream passthrough) and the reduction in the total quantity of goods and services consumed.

Figure 12 - Transmission of compliance costs from direct sales



Developed by: Ecoa Consultoria Econômica.

For business models classified as "Direct Sales," the possibility of unmediated direct sales opens up: economic agents can transact products and services directly with the end consumer and with companies. Furthermore, the cost transmission model foresees sales to companies that are used as inputs for economic activity, as presented by Pellefigue (2019) for models based on digital advertising. This regulatory cost transfer flow is illustrated in **Figure 12.**

Therefore, the economic burden is transferred through two chains:

I. ***B2B2C* Chain:** The targeted company passes its compliance costs on to companies (advertisers, cloud users). These companies, in turn, embed these higher operational costs into the prices of their own products and services, passing them on to the end consumer (e.g., cloud services and digital advertising.

II. ***B2C* Chain:** The targeted company passes its compliance costs directly to the end consumer, increasing the price of its products or services, such as the price of software or an operating system (e.g., operating systems).

Following the methodology established in ALAI (2024), four sets of parameters were established based on empirical evidence from the Brazilian digital market and

international economic literature. This approach allows capturing the particularities of the national digital economy while maintaining consistency with established international benchmarks.

Given the uncertainty regarding the exact pricing dynamics in designated services, we simulate three Upstream Pass-through Scenarios (100%, 85%, and 70%). These scenarios serve as a sensitivity analysis to bound the estimates, reflecting varying degrees of market contestability and contractual rigidity, as discussed below.

Upstream Passtrough

This parameter represents the proportion of the compliance cost (estimated by SCM) that companies pass on to their professional users (merchants, advertisers, service providers) through increases in commissions or fees. Theoretical and empirical evidence suggests that this is close to the integral.

However, recognizing the complexity in predicting the exact market reaction, the model adopts a scenario-based approach to capture a range of outcomes. Following the previous study (ALAI, 2024), three distinct upstream passthrough scenarios were used:

- 100%: Full transfer of costs
- 85%: Intermediary transfer of the costs
- 70%: Partial transfer of the costs

The model is calibrated with sector-specific parameters to calculate welfare changes. Price elasticities of demand, which determine the magnitude of the consumption reduction (deadweight loss), were derived from empirical literature relevant to each segment. Profit margins for professional users were estimated using domestic data (e.g., Brazilian Annual Trade Survey), establishing the capacity of local businesses to absorb versus transmit cost shocks. On the sequence, these two topics are discussed in greater details.

The digital economy operates under distinct structural conditions—specifically product differentiation and two-sided network effects—where cost transmission mechanisms differ from those in perfectly competitive commodity markets.

As established by Weyl and Fabinger (2013) in their seminal analysis of pass-through principles, the rate of transmission depends primarily on the curvature of demand and the nature of competition. In markets with differentiated products, where firms compete on quality, innovation, and ecosystem features rather than just price, firms face downward-sloping demand curves. In this context of differentiated competition, economic theory posts that firms rationally re-optimize margins in response to marginal cost increases by passing a portion of these costs to consumers (Anderson & Thisse, 1992).

Price elasticity of the demand

Determining price elasticities for digital services in the Brazilian context faces limitations due to a lack of specific data. Following ALAI (2024), we use estimates from the international literature adapted to the national context:

- **Goods Marketplaces**: based on studies by Goolsbee & Chevalier (2003), Einav et al. (2014) e Pellefigue (2019) on online retail in companies, we established an average price elasticity of demand of -1,41. This value reflects the moderate sensitivity of consumers to price variations in online purchases.
- **Services Marketplaces**: Analysis of multiple sector studies – including Bibler et al. (2021) for short-term accommodations (-0.52), Cohen et al. (2016) for ride-hailing services (-0.55), and Granados et al. (2012) for airfares (-1.1) – results in an average elasticity of -0.67, indicating lower price sensitivity in this segment.
- **Direct sales**: The parameter of -0.4 established by Pellefigue (2019) is adopted, based on analyses by Copenhagen Economics for European markets, given the absence of specific studies for the Brazilian digital advertising market.

Cost structure and margins of professional users

The determination of profit margins for professional users follows different methodologies depending on the segment:

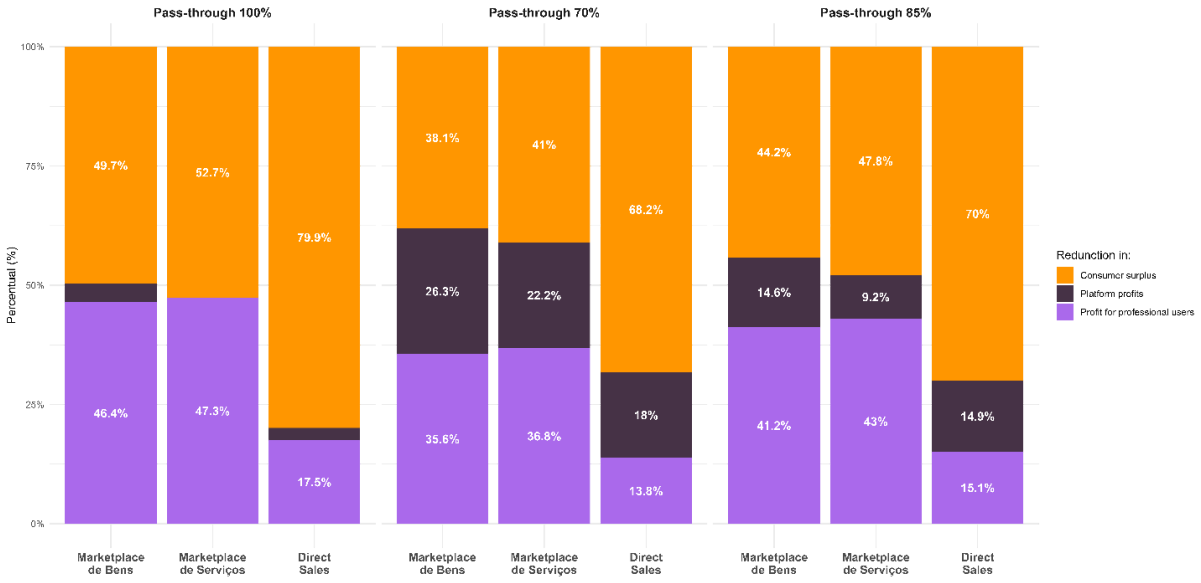
- **Goods Marketplaces**: analysis of data from the Pesquisa Anual do Comércio (*Annual Trade Survey*) for specialized retail segments, including computer products, sporting goods, and household items, establishes an average profit margin of 52% for sellers on potential target companies, as documented in ALAI (2024)[30].
- **Services Marketplaces**: the predominantly fixed cost structure of this segment, characteristic of service providers on potential target companies, justifies an estimated profit margin of 80%. This theoretical premise reflects the operational nature of these providers, where marginal costs are typically low.
- **Direct sales**: Following Pellefigue (2019), based on data from 26,209 B2C companies, we determined that variable costs represent approximately 25% of revenue, resulting in a gross margin of 75% for advertising companies.

Results of transmitting regulatory costs

The quantitative analysis of the distribution of the regulatory burden was performed using a partial equilibrium model that incorporates specific supply and demand elasticities for each type of targeted company. The analysis of the proportional distribution of the regulatory burden reveals consistent patterns across all scenarios examined. The graph below presents the results for the "*Designable*" scenario considering three different upstream passthrough rates.

[30] The Annual Trade Survey (PAC), conducted by the Brazilian Institute of Geography and Statistics (IBGE), investigates information on the basic structural characteristics of the trade business segment in the country. Currently, the research investigates companies classified in Section G of the National Classification of Economic Activities (CNAE 2.0). To estimate the 52% margin, we did not use the aggregate retail average. Instead, we isolated specific CNAE codes that represent the core inventory of digital marketplaces. This market segmentation strategy is grounded in the analysis of digital retail dynamics presented by Almeida et al. (2025).

Figure 13 - Proportional division of compliance costs (scenario of designable companies)

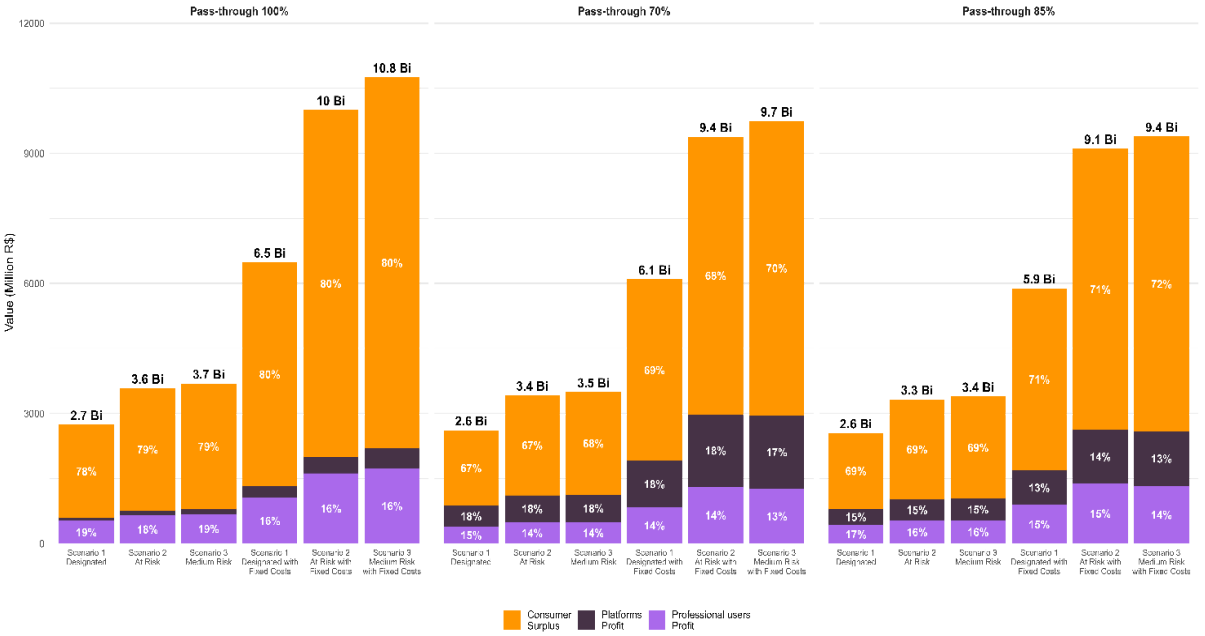


Developed by: Ecoa Consultoria Econômica.

In goods marketplaces, 49.7% of the burden falls on consumers and 46.4% on professional users (sellers). In services marketplaces, 52.7% falls on consumers and 47.3% on professional users (service providers). In direct sales (which include advertising), 79.9% of the burden falls on end consumers (via advertised product prices) and 17.5% on businesses (professional users/advertisers).

Consolidation by risk scenario and by presence/absence of fixed costs preserves the distributional pattern described above, with the total amount varying according to the structure and type of service (goods/services marketplaces and direct sales). **Figure 14** quantifies the total monetary value of this damage (in millions of Brazilian Reais) in all cost scenarios and pass-through hypotheses. The results indicate a substantial economic impact.

Figure 14 - Distribution of the regulatory burden in each scenario



Developed by: Ecoa Consultoria Econômica.

In all scenarios analyzed, consumers, followed by professional users, tend to bear the largest share of the economic damage. Considering different passthrough levels (100%, 70%, and 85%), it is observed that in the full passthrough scenario, end consumers bear approximately 46% to 50% of the total burden, while professional users absorb between 33% and 47% of the impact. Targeted companies, in turn, retain only 14% to 18% of the additional costs.

The observed asymmetry is particularly concerning when considering that consumers and small professional users often have less capacity to absorb additional costs and less flexibility to adjust their economic behaviors.

The total values of the regulatory burden vary significantly between scenarios, reaching up to R$ 10.8 billion in the most severe scenario with full passthrough. Even in the most conservative scenarios, the total impact exceeds R$ 2.7 billion, demonstrating the magnitude of the potential economic effects of the proposed regulation. This substantial variation between scenarios highlights the importance of considering different assumptions about company behavior when evaluating regulatory policies, but also shows that, regardless of the scenario considered, the

economic costs of the proposed regulation are significant and fall disproportionately on consumers and professional users.

Social and Economic Incidence: The Disproportionate Burden on Consumers and Small Enterprises

Beyond the aggregate monetary values, the microeconomic analysis of this distribution reveals a uneven social impact, confirming that the cost transmission mechanism operates regressively by concentrating the economic damage on the most vulnerable agents rather than on the platforms themselves.

Specifically, regarding consumers, the results indicate that with up to 79.9% of costs in direct sales and 52.7% in service marketplaces passed downstream, Brazilian consumers will face price increases in essential daily services such as urban transportation, food delivery, and e-commerce goods. Empirical evidence suggests that reliance on app-based services, particularly for food delivery, is significant among lower social grades (Adams et al., 2024). Furthermore, economic analyses consistently highlight the regressive incidence of such digital costs, as they permeate a broad basket of consumer goods that consume a larger share of lower-income households' budgets (Lowry, 2019). Consequently, the regulatory shock functions as a regressive levy, effectively reducing disposable income and restricting access to digital inclusion.

Similarly, for Micro and Small Enterprises (MSEs) and other professional users, such as delivery and ride-sharing drivers and marketplace sellers, that rely on these platforms for market access, the absorption of approximately 46% of the burden translates into higher transaction fees and commission rates. This structural cost increase forces a compression of profit margins, threatening the viability of marginally profitable ventures and creating higher operational risks for these businesses and independent professionals that depend on the designated services to sustain their operations.

Consequently, the empirical evidence from this model suggests a paradox in the proposed intervention: by imposing significant compliance costs that are

transmitted through the value chain, Bill 4675/2025 disproportionately harms consumers and small entrepreneurs, contrary to its stated goals of fostering a fairer digital market. Instead of disciplining large targeted companies, who are projected to retain only a minor fraction of the cost, the regulation effectively taxes the productivity of small professional users and the welfare of end consumers.

III.3 Effects on investments and innovation (Step 4)

The *ex-ante* regulation of digital markets, as proposed by Bill 4,675/2025, is based on the premise that regulatory intervention can promote more contestable markets and preserve competition, thus stimulating long-term innovation (Crémer, de Montjoye & Schweitzer, 2019; Furman et al., 2019). This argument finds support in the literature on the economics of innovation, which demonstrates how barriers to entry and entrenched dominant positions can reduce competitive incentives to innovate (Aghion et al., 2005).

However, the economic literature also systematically documents that regulations can generate unintended adverse effects on investment and innovation, particularly when characterized by high discretion and regulatory uncertainty (Blind, 2012; Blind, Petersen & Riillo, 2017). Uncertainty regarding the future application of regulations increases the perceived risk for investors, raising the cost of capital and making innovative projects, which are inherently uncertain and have long-term returns, less economically viable (Stokey, 2016; Aghion *et. al.*, 2023).

In R&D-intensive markets with irreversible investments, this type of uncertainty alters firms' intertemporal incentives: the value of "wait and see" increases, and therefore launches are postponed, project scopes are resized, and the hurdle rates required to approve new initiatives are raised, with potentially contractionary net effects on innovative effort (Dixit & Pindyck, 1994; Bloom, 2009). Corporate finance literature formalizes this mechanism by showing that greater uncertainty and regulatory risks raise the cost of capital and the required investment premium, holding back projects at the margin and postponing entry or expansion decisions,

especially when expected cash flows are sensitive to regulatory compliance shocks (Brealey et al, 2020; Gulen & Ion, 2016; Baker et al, 2016).

In the specific context of Bill 4675/2025, the high level of regulatory discretion, the absence of a formal mechanism for defending efficiencies, and the lack of economic analysis in the designation and determination of obligations indicate that substantial regulatory costs may be directed towards compliance activities to the detriment of innovative investments.

It is crucial to recognize that these adverse effects on innovation do not negate the legitimate objective of regulation to promote competition and, through it, stimulate long-term innovation. Rather, it is a matter of identifying and measuring an additional effect that operates simultaneously: the cost imposed by regulatory uncertainty on innovation investment decisions. An appropriate regulatory impact analysis should consider both effects, the expected benefits of greater contestability and the costs of compliance and uncertainty, to assess the net effect on economic well-being and dynamism (OECD, 2014).

The economic literature on regulation and innovation is generally contingent on design: clear, proportionate, and technically well-specified rules tend to mitigate adaptation costs and favor innovative trajectories; vague requirements, frequent *ad hoc* revisions, and low predictability increase administrative costs and create a risk of type I/II errors in enforcement, with negative impacts on innovative activity, especially in uncertain markets (Blind, 2012; Blind et al, 2017; Coglianese, 2012; Aghion et al, 2023).

While the direct compliance costs represent the static burden of regulation, the dynamic costs associated with regulatory uncertainty and implementation friction often generate profounder economic impacts.

This section therefore seeks to isolate and quantify this second effect: the potential costs that the new regulatory proposal may impose on the innovation process of regulated companies. To this end, we consider that new regulatory obligations may reduce the net benefits of innovation through two distinct channels:

(i) by postponing the launch of innovations due to prior compliance requirements and uncertainty about regulatory approval, resulting in a loss of consumer welfare during the delay period; and (ii) by raising the minimum return required for investment viability, resulting from increased regulatory risk, which may render marginally viable innovative projects unviable, reducing the total volume of investment in innovation in the economy. Therefore, it is essential to analyze whether the regulatory design and its incentives are proportional to the expected benefits, assessing the net balance for the market. This appropriate assessment will measure the direct and indirect effects of the legislation, clarifying the magnitude of its potential gains and damages.

This section seeks to estimate the losses related to the difficulties that the new legislation would impose on the innovation process of companies[31]. To quantify these effects, we developed a Dynamic Investment Impact Model that isolates two distinct transmission channels: (i) the Consumer Welfare Channel, measuring the utility loss from delayed service availability; and (ii) the Capital Allocation Channel, measuring the reduction in investment volume due to increased hurdle rates..

The **first channel** is based on the premise that delayed services are inaccessible to consumers, resulting in lower long-term availability of these services than in a non-regulatory scenario. To assess this potential decrease in welfare, the "value of time loss" is estimated as the foreclosure of consumer surplus during the delay period.

For this methodology, a base of over 164 million digital consumers in Brazil[32] is considered, with an annual growth of 3%[33]. Furthermore, as a metric of well-being provided to the consumer by technology, a willingness to pay of R$ 300,00/month[34]

[31] The methodology of this study is an adaptation, for the Brazilian context, of the strategy presented in the *DMCC*: Economic Impact report produced by the Computer & Communications Industry Associations (CCIA), available at the following link: DMCC: Economic Impact.

[32] PNAD Contínua (2023)

[33] Statista. (December 2, 2024). Number of internet users in Brazil 2020 a 2029 (in millions). Accessed on June 27, 2025. Available at: https://www.statista.com/statistics/255208/number-of-internet-users-in-brazil/

[34] The consumer well-being metric used in this study is an adaptation of the methodology presented in Coyle & Nguyen (2020), available at: https://escoe-website.s3.amazonaws.com/wp-content/uploads/2020/12/14161702/ESCoE-DP-2020-18.pdf.

for digital services by Brazilian consumers is assumed. Finally, the SELIC rate (Brazil's base interest rate, 13.65%) is used as a reference for the discount rate, ensuring that the analysis is performed in present values.

Using these parameters, **two scenarios** are considered in this methodology: **(i) welfare loss resulting from a one-year delay over a total period of ten years and (ii) welfare loss resulting from a six-month delay over a total period of ten years**. For example, in scenario (i), the calculation is performed as follows: the present value of the consumer welfare loss in a specific year is determined by multiplying the number of digital consumers (projected by the market growth rate) by their willingness to pay. The total welfare loss corresponds to the sum of the present values calculated for each of the ten years of the analysis period. In this **scenario (i), the total loss amounts to R$ 8.7 billion.** Assuming a six-month delay **(scenario ii), this loss would correspond to approximately R$ 4.4 billion**, half the previous value.[35]

The second channel assesses how regulatory uncertainty alters the financial viability of innovation projects... These delays would raise the minimum return required for an investment to be viable and, consequently, decrease the volume of investments made in the economy due to reduced project viability, since regulation could increase veto power, or the investment might not comply with the new rules, or the final product might cease to be attractive to consumers.

A Discounted Cash Flow (DCF) Break-even Analysis is employed to determine the "Regulatory Risk Premium", the additional return investors require to compensate for deployment delays. The estimated potential loss is obtained by comparing the scenarios with and without the obligations imposed by the new legislative proposal.

[35] It should be noted that the results are sensitive to the parameters adopted in the model. Therefore, the methodology and its results should be interpreted as an estimation path and an indicator of magnitude, and not as a precise prediction of the effects.

- **Baseline Cost of Capital:** a Weighted Average Cost of Capital (WACC) of 9% is adpted, based on the Competition and Markets Authority (CMA) profitability analysis for digital platforms. [36]
- **The "Time-to-Market" Shock**: We calculate the Internal Rate of Return (IRR) required to break even on a standard 10-year investment cycle. We then introduce a 1-year regulatory delay (reflecting compliance reviews and approvals).
- **Resulting Hurdle Rate:** The model demonstrates that a 1-year delay structurally shifts the break-even threshold. To maintain viability under the new timeline, the required return on investment (ROI) jumps from 15.58% to 18.18%—effectively imposing a 16.68% premium on capital efficiency.

For the calculations, the break-even point for the investment is initially determined, that is, the annuity that, over the 10 periods and using WACC as the discount rate, results in a Net Present Value (NPV) of zero.

$$x = -\frac{1}{\sum_{year=1}^{investment\ lifetime} \frac{1}{(1+WACC)^{year}}}$$

This analysis indicates that the minimum return required for the investment to be financially viable is 15.58%.

In parallel, **the exercise is conducted for two cases: (i) a regulatory delay of one year, resulting in a useful life of the investment one year shorter, and (ii) a regulatory delay of one year that maintains the original useful life of the investment.**

$$(i)\ x = -\frac{1}{\sum_{year=1+lag}^{investment\ lifetime} \frac{1}{(1+WACC)^{year}}}$$

$$(ii)\ x = -\frac{1}{\sum_{year=1+gap}^{investment\ lifetime+gap} \frac{1}{(1+WACC)^{year}}}$$

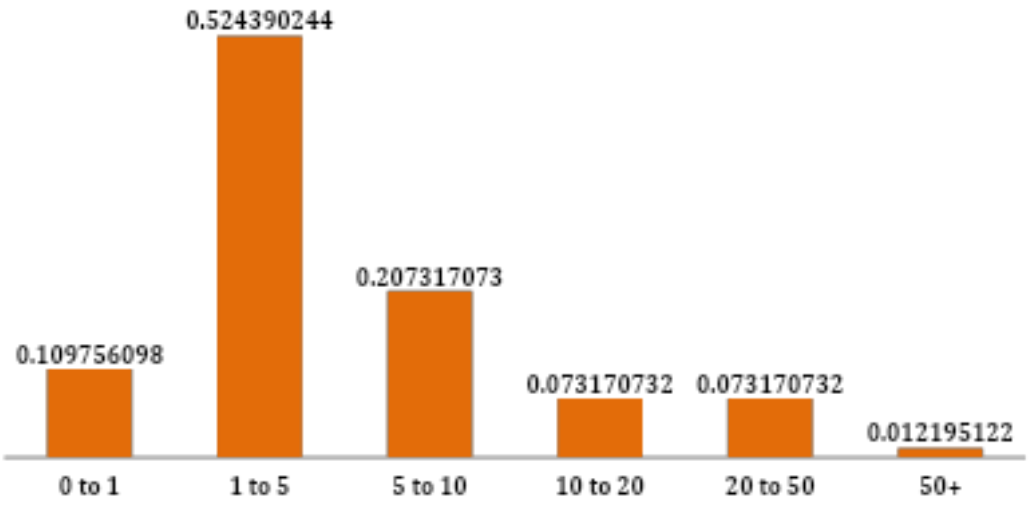
[36] The WACC estimate originates from an analysis by the Competition and Markets Authority (CMA), which was based on the annual reports (Form 10-K) of Google and Facebook. The full CMA report can be found at the following web address: https://assets.publishing.service.gov.uk/media/5fe4951c8fa8f56af8e88105/Appendix_D_Profitability_of_Google_and_Facebook_non-confidential_WEB.pdf.

The results show that a return of 18.18% and 16.98% would be required for an investment to be viable in these new scenarios, respectively. This would represent **an increase of 16.68% for scenario (i) and 9.0% for scenario (ii)**. Furthermore, it is indicated that an additional delay of one year, for example, would raise the required return to 37.76% for scenario (i) and 18.81% for scenario (ii).

To translate this theoretical rise in hurdle rates into actual monetary reduction in investments, we needed a proxy for the distribution of returns in the Brazilian digital economy. To achieve that, the potential scale of investment loss is assessed using observed market capitalization data at the date of the Initial Public Offering (IPO) on the Brazilian Stock Exchange (B3)[37] as a proxy for the distribution of returns.

Figure 15 presents the estimated distribution of returns.

Figure 15 - Distribution of companies' market capitalization values after the IPO (in billions of R$)



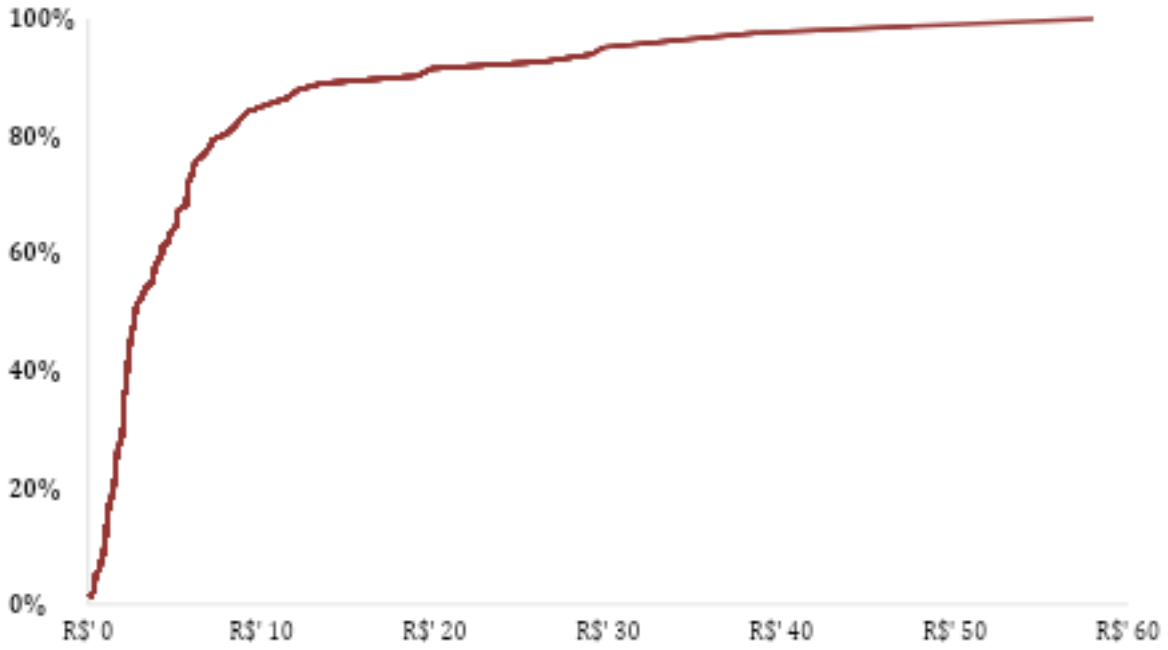
Note: The figure shows the percentage of companies by market capitalization range at the time of their initial public offering (IPO). For example, approximately 10% of companies have a market capitalization between R$0

[37] The data was collected from two distinct sources. The price per share and the list of companies were obtained from the B3 database (2012-2021), and the number of shares was manually collected from each company's quarterly report on the date closest to the IPO. Market capitalization was calculated by multiplying the price per share by the number of shares.

and R$1 billion, and the majority have a market capitalization between R$1 and R$5 billion. **Developed by:** Ecoa Consultoria Econômica.

It is observed that market capitalization at the offer prices varies considerably, starting from the range of R$ 0-1 billion and reaching more than R$ 50 billion. Additionally, approximately 75% of firms are concentrated in the range between R$ 1 and R$ 10 billion. From this distribution, a cumulative distribution modeled for the expected returns of the project is developed, as shown in **Figure 16**.

Figure 16 - Cumulative distribution of companies' market capitalization values after the IPO (in billions of R$)



Note: The figure shows the cumulative distribution of companies' market capitalization after their initial public offering (IPO). The steep curve at the beginning indicates a strong concentration in the lower values: approximately 85% of companies have a market value of less than R$ 10 billion. **Developed by:** Ecoa Consultoria Econômica.

Analysis of the cumulative distribution indicates that approximately 20% of the observations have a value greater than R$ 10 billion. A high concentration of values below this level is noted, along with greater dispersion above it, as demonstrated by the long tail observed. This right-skewed distribution is evidenced by the difference between the mean (R$ 6.9 billion) and the median (R$ 2.7 billion). Finally, the values are quite dispersed among the highest market capitalization values, as indicated by the existence of only one observation above R$ 50 billion.

By overlaying the new regulatory hurdle rates onto the empirical project distribution, it is possible to quantify the "investment gap": projects that would have been funded under the status quo but are rejected under the new regulatory constraints.

In order to understand which investment remain financially viable, it is assumed that the distribution of expected project returns corresponds to the observed cumulative distribution of realized returns shown above, and that the previous break-even exercise remains valid. Thus, the required returns have the same WACC used previously. Finally, the average value of R$ 6.9 billion is positioned just above the 72nd percentile of the distribution and, therefore, it is expected that approximately 27.6% of the projects will be approved, compared to 72.4% rejected.

Based on the adopted assumptions, the scenarios corresponding to the *break-even* exercise are considered again: one where the required expected return is 16.68% higher, and another where it is 9.0% higher. Both reflect a regulatory delay[38] of one year, with the latter scenario also assuming an extended investment lifespan of one year. If the required return increases by 9% (R$ 7.6 billion), the new project acceptance rate will be 25.3%, and if it increases by 16.7% (R$ 8.1 billion), the acceptance rate decreases to 24.1%. **Consequently, the reduction in investment varies from 8.3% to 12.5%.**

Therefore, it is noted that new regulatory obligations have the potential to alter innovation and investment decisions, leading to the partial exclusion of some product launches. WACC assumptions indicate that a one-year delay could result in an 8.3% to 12.5% reduction in investment, and while the exact results are specific to the parameters derived from the assumptions used, the methodology presents the scale of potential regulatory damages. Finally, the time lapse between development and launch is a key factor in the magnitude of the damage, as longer periods are likely to further reduce investments.

[38] Regulatory delays refer to the additional time companies incur to adapt to new bureaucratic steps imposed by regulation, a process that results in the postponement of the launch of innovations.

IV. Final Considerations

Economic literature recognizes that regulatory interventions impose compliance costs with effects on the competitive dynamics of markets (Stigler, 1971; Peltzman, 1976). As suggested by the OECD (2014), measuring these impacts is fundamental for evaluating public policies, allowing for refinement of institutional design and determination of the proportionality between costs incurred and expected benefits (OECD, 2014). Therefore, and seeking greater effectiveness of public policy, it is important that the targets and objectives of government intervention are also clearly established.

This study aims to quantify the direct and indirect costs associated with Bill 4,675/2025, employing methodologies consolidated in the regulatory assessment literature. Estimates indicate that, over a 10-year horizon, the total compliance burden will range between R$ 2.76 billion and R$ 11.34 billion, with the magnitude contingent on the exercise of regulatory discretion by the SMD and CADE in designating economic agents and the effective cost structure of the regulated companies.

The intermediary nature of targeted companies implies the propagation of direct costs along value chains. The partial equilibrium approach employed indicates that end consumers will bear between 58% and 80% of the total burden through price increases and reduced service availability, while professional users will absorb between 14% and 19% via increased fees and commissions charged by the targeted companies.

In addition to the direct costs of compliance, the assessment identifies indirect effects on innovation and investment. Regulatory frictions and an uncertain business environment postpone product launches and raise the minimum rates of return required for the viability of new projects, reducing the total investment and innovative effort in digital services by between 8.3% and 12.5%, imposing additional welfare losses on consumers.

A critical aspect that distinguishes Bill 4,675/2025 from international best practices lies in the absence of institutionalized mechanisms for periodic reassessment. In this sense, the Ministry of Finance acknowledges that the regulatory framework must be "constantly revisited and adapted"[39] in order to foster the "continuous improvement of the analytical framework used by CADE"[40] and emphasizes the "dynamism of the Brazilian digital market."[41] These monitoring and review tools were not incorporated into the text of Bill 2675.

The European *Digital Markets Act* itself establishes, in its Article 53, that the European Commission must submit to the European Parliament and the Council, every three years from May 2026, a report on the application and evaluation of the regulation, as well as an analysis of its effectiveness, impacts on innovation, and the need for modifications (*European Parliament and Council*, 2022). This provision institutionalizes a regulatory learning cycle based on empirical evidence observed after implementation.

The review and monitoring of regulatory models align with the OECD (2021) guidelines on regulatory stewardship and adaptive governance in contexts of high complexity and uncertainty. The literature on adaptive regulation reinforces the importance of periodic review clauses in contexts of high technological uncertainty and rapidly evolving markets, as is characteristic of the digital sector (Coglianese & Lehr, 2017). Black (2008) argues that regulatory systems should incorporate

[39] Ministry of Finance/SRE, Plataformas Digitais: aspectos econômicos e concorrenciais e recomendações para aprimoramentos regulatórios no Brasil, 2024

[40] Ministry of Finance/SRE, Plataformas Digitais: Aspectos Econômicos e Concorrenciais e Recomendações para Aprimoramentos Regulatórios no Brasil.

[41] Ministry of Finance/SRE, Plataformas Digitais — Relatório consolidado, 2024

feedback mechanisms that allow for calibrated adjustments based on evidence of actual costs incurred, benefits realized, and unanticipated consequences of the intervention.

In Bill 4675/2025, there is no equivalent provision for periodic review of the framework. The text regulates the duration of the designation and allows for the review of special obligations when there are significant market changes, in addition to requiring compliance reports, but these instruments operate on a case-by-case basis and do not establish a systematic cycle of periodic evaluation. This gap represents an institutional weakness that compromises the ability to objectively assess the fulfillment of its stated objectives and the timely identification of any adverse effects on well-being, innovation, or competition, hindering timely course correction based on evidence.

It is crucial to explicitly acknowledge that the compliance costs quantified in this study are not merely a product of regulatory ambiguity but are intrinsic to the ex-ante regulatory model itself. As established in the economic literature on regulation, ex-ante interventions impose structural compliance burdens—such as mandatory interoperability, data siloing, and algorithmic auditing—that require a significant reallocation of productive resources from innovation to compliance, regardless of the level of detail in the rules (Viscusi, Harrington & Vernon, 2005). The European experience with the DMA confirms that even a precisely defined framework generates high friction and engineering costs. Consequently, if an ex-ante approach is maintained in the final legislative design, it is imperative to drastically narrow the regulatory scope. Limiting designation to a minimal set of indisputable gatekeepers is the only effective mechanism to mitigate these inherent structural costs and avoid creating disincentives to innovation that would otherwise stifle the broader digital economy.

In summary, the results presented indicate that the regulatory model proposed by Bill 4675/2025 imposes significant costs that disproportionately fall on consumers and professional users. The magnitude of these costs, which can exceed R$ 11 billion in certain scenarios, highlights the need for regulatory obligations to be clearly

defined, proportionate to the identified risks, and subject to periodic evaluation of their effectiveness. Only this approach allows public policy objectives to be achieved while preserving the incentives for investment and innovation that underpin the dynamism of the Brazilian digital economy.

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Annex A

This annex presents the list of companies potentially designated by PL 4.675/2025 in scenarios other than the base scenario. These scenarios explore a relaxation of the designation criteria, namely: the scenario of companies at risk of designation and the scenario of companies at medium risk of designation.

A.1 Companies at risk of designation (“At Risk”)

Table 8 below shows the companies in the domestic market at risk of designation:

Table 8 - National economic groups eligible for designation based on the quantitative and qualitative criteria of Bill 4675/2025 - Scenario “At Risk”

Economic Group	Service	Company
Alphabet	AI	**Google Gemini**
	App Stores	**Google**
	Cloud	**Google Cloud**
	Operating System	**Android**
	Social Network	**YouTube**
	Operating System	**Chrome OS**

	Search engine	**Google**
Amazon	Cloud	**AWS**
	Online Retail	**Amazon**
	Social Network	**Twitch**
	Streaming	**Amazon Prime Video**
Ambev	*Delivery*	**Zé delivery**
Apple	*App Stores*	**Apple**
	Operating System	**iOS**
	Operating System	**OS X**
	Cell phone sales	**Apple**
	Streaming	**Apple TV**
B3	Financial intermediation	**B3**
Mercado Livre	Online Retail	**Mercado Livre**
Meta	Social Network	**Whatsapp**
	Social Network	**Instagram**
	Social Network	**Facebook**
	Social Network	**Facebook Messenger**
Microsoft	AI	**Microsoft Copilot**
	Cloud	**Microsoft Cloud**
	Operating System	**Xbox**
	Operating System	**Windows**
	Search engine	**bing**
	Social Network	**Linkedin**
Open Ai	AI	**ChatGPT**
Prosus	*Delivery*	**Ifood**
	Online Retail	**OLX**
	Travel Agencies	**Decolar**
Samsung	Operating System	**Samsung**
	Cell phone sales	**Samsung**

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Table 9 presents companies in global markets at designation risk (“At Risk”):

Table 9 - Global economic groups eligible for designation based on the quantitative and qualitative criteria of Bill 4675/2025 - Scenario “At Risk”

Economic Group	Service	Company
Alphabet	AI	**Google Gemini**
	App stores	**Google**
	Cloud	**Google Cl oud**
	Social Network	**YouTube**
	Operating System	**Android**
	Operating System	**Chrome OS**

	Search engine	**Google**
Amazon	Cloud	**AWS**
	Online Retail	**Amazon**
	Social Network	**Twitch**
	Streaming	**Amazon Prime Video**
Apple	*App stores*	**Apple**
	Operating System	**OS X**
	Operating System	**iOS**
	Cell phone sales	**Apple**
	Streaming	**Apple TV**
Bytedance	Social Network	**TikTok**
	Online Retail	**TikTok Shop**
Didi Chuxing	Ride Sharing	**99**
Grupo Alibaba	Online Retail	**Aliexpress**
Kuaishou	Social Network	**Kwai**
Lenovo	Cell phone sales	**Motorola**
IBM	Cloud	**IBM Cloud**
Meta	Social Network	**Whatsapp**
	Social Network	**Instagram**
	Social Network	**Facebook**
	Social Network	**Facebook Messenger**
Microsoft	AI	**Microsoft Copilot**
	Cloud	**Microsoft Cloud**
	Operating System	**Windows**
	Operating System	**Xbox**
	Social Network	**Linkedin**
	Search engine	**bing**
OpenAI	AI	**ChatGPT**
Oracle	Cloud	**Oracle Cloud**
Perplexity	AI	**Perplexity**
Pinterest	Social Network	**Pinterest**
Reddit	Social Network	**Reddit**
Salesforce	Cloud	**Salesforce**
Samsung	Operating System	**Samsung**
	Cell phone sales	**Samsung**
Snap Inc	Social Network	**Snapchat**
Uber	Ride Sharing	**Uber**
X Corp	Social Network	**X**
Xiaomi	Cell phone sales	**Xiaomi**

Developed by: Ecoa Consultoria Econômica.

A.2 Companies at medium risk of designation ("Medium Risk")

Table 10 below shows the companies in the domestic market at medium risk of designation:

Table 10 - National economic groups eligible for designation based on the quantitative and qualitative criteria of Bill 4675/2025 - Scenario "Medium Risk"

Economic Group	Service	Company
Alphabet	AI	**Google Gemini**
	App stores	**Google**
	Cloud	**Google Cloud**
	Operating System	**Android**
	Social Network	**YouTube**
	Operating System	**Chrome OS**
	Search engine	**Google**
Amazon	Cloud	**AWS**
	Streaming	**Amazon Prime Video**
	Social Network	**Twitch**
	Online Retail	**Amazon**
Ambev	Delivery	**Zé Delivery**
Americanas S.A.	Online Retail	**Americanas, Submarino e Shoptime**
Apple	App stores	**Apple**
	Operating System	**iOS**
	Operating System	**OS X**
	Streaming	**Apple TV**
	Cell phone sales	**Apple**
B3	Financial intermediation	**B3**
Lenovo	Cell phone sales	**Motorola**
Magazine Luiza	Delivery	**Aiqfome**
	Online Retail	**Magazine Luiza**
Mercado Livre	Online Retail	**Mercado Livre**
Meta	Social Network	**Whatsapp**
	Social Network	**Instagram**
	Social Network	**Facebook**
	Social Network	**Facebook Messenger**
Microsoft	AI	**Microsoft Copilot**
	Cloud	**Microsoft Cloud**
	Operating System	**Xbox**
	Operating System	**Windows**
	Search engine	**bing**

	Social Network	**Linkedin**
Open Ai	AI	**ChatGPT**
Prosus	Delivery	**Ifood**
	Online Retail	**OLX**
	Travel Agencies	**Decolar**
Samsung	Operating System	**Samsung**
	Cell phone sales	**Samsung**
Sea Limited	Online Retail	**Shopee**
Xiaomi	Cell phone sales	**Xiaomi**

Developed by: Ecoa Consultoria Econômica.

Table 11 below shows the companies in the domestic market at medium risk of designation:

Table 11 - Global economic groups eligible for designation based on the quantitative and qualitative criteria of Bill 4675/2025 - Scenario "Medium Risk"

Economic Group	Service	Company
Alphabet	AI	**Google Gemini**
	App stores	**Google**
	Cloud	**Google Cloud**
	Operating System	**Android**
	Social Network	**YouTube**
	Operating System	**Chrome OS**
	Search engine	**Google**
Amazon	Cloud	**AWS**
	Social Network	**Twitch**
	Streaming	**Amazon Prime Video**
	Online Retail	**Amazon**
Apple	*App stores*	**Apple**
	Operating System	**iOS**
	Operating System	**OS X**
	Streaming	**Apple TV**
	Cell phone sales	**Apple**
Bytedance	Social Network	**TikTok**
	Online Retail	**TikTok Shop**
Didi Chuxing	Ride Sharing	**99**
Grupo Alibaba	Online Retail	**Aliexpress**
Kuaishou	Social Network	**Kwai**
Lenovo	Cell phone sales	**Motorola**
Live Nation Entertainment	Online Retail	**Live Nation**
	Online Retail	**Ticketmaster**
Meta	Social Network	**Whatsapp**

	Social Network	**Instagram**
	Social Network	**Facebook**
	Social Network	**Facebook Messenger**
Microsoft	AI	**Microsoft Copilot**
	Cloud	**Microsoft Cloud**
	Operating System	**Windows**
	Operating System	**Xbox**
	Social Network	**Linkedin**
	Search engine	**bing**
Netflix Inc	*Streaming*	**Netflix**
OpenAI	AI	**ChatGPT**
PDD Holdings Inc.	Online Retail	**Temu**
Perplexity	AI	**Perplexity**
Pinterest	Social Network	**Pinterest**
Reddit	Social Network	**Reddit**
Salesforce	Cloud	**Salesforce**
Samsung	Operating System	**Samsung**
	Cell phone sales	**Samsung**
Snap Inc	Social Network	**Snapchat**
The Walt Disney Company	*Streaming*	**Disney+**
Uber	Ride Sharing	**Uber**
Valve Corporation	Operating System	**Steam**
X Corp	Social Network	**X**
Xiaomi	**Cell phone sales**	**Xiaomi**

Developed by: Ecoa Consultoria Econômica.

Table 12 below shows fintechs and financial institutions at medium risk of designation:

Table 12 - Fintechs and financial institutions eligible for designation based on the quantitative and qualitative criteria of Bill 4675/2025

Economic Group	Service	Company
Banco do Brasil	Banking and Credit	**Banco do Brasil**
	Payments	**Cielo**
Bradesco	Banking and Credit	**Bradesco**
	Fintech	**Next**
BTG Pactual	Fintech	**BTG**
Itaú Unibanco Holding	Banking and Credit	**Itaú**
	Payments	**Rede**
Nu Holdings LTDA	Fintech	**Nubank**
Santander	Banking and Credit	**Santander**
Stone CO.	Fintech	**Stone**

Annex B

This appendix presents a comparative analysis between the regulations in Brazil, Europe, and the United Kingdom. The text analyzes the quantitative and qualitative criteria of each legislation, identifying the similarities and differences between the Brazilian project and the European experiences.

B.1 Quantitative Criteria

The *Digital Markets Act* (*DMA*) defines quantitative criteria for designating companies as gatekeepers as those whose turnover in the three years prior to designation has reached €7.5 billion in the European Union or if they have an average market capitalization of at least €75 billion in the last financial year and provide some digital service in at least three member states of the Union. The legislation also quantifies the number of monthly active end users established or located in the European Union at 45 million and the number of annually active professional users established in the European Union at 10,000, calculated according to the methodology defined by the DMA regulation itself. This definition, in addition to the revenue rule, is essential for configuring many of the essential characteristics attributed to targeted companies that control access, as will be seen below.

The regulations under the *Digital Markets, Competition, and Consumers Act* (*DMCC*), in turn, use quantitative criteria in the process of identifying companies to classify them with *Strategic Market Status* (*SMS*) in the digital market and which, therefore, would be subject to this new regulation. For a company to be designated as *SMS*, it must carry out a digital activity, such as providing services or content over

the internet, and that activity must have a link to the United Kingdom, which occurs, for example, if it has a significant number of users in the country.

In addition, the company's revenue must be greater than £1 billion locally and greater than £25 billion globally for the entire economic group over the last 12 months. In addition to the revenue metric, the *DMCC* exemplifies that other quantitative metrics may be used in the investigative designation process, such as number of users, number of hours spent using the digital service, among others, depending on the digital activity in question, but these are not clearly detailed in the text of the legislation.

Compared to the quantitative criteria established by the Brazilian bill, under the *DMA*, the minimum turnover required for a company throughout the European Union would be approximately R$ 47.57 billion[42]. This high threshold reflects the intention to cover only companies of major relevance, potentially capable of controlling access to markets. This difference becomes even more evident when considering the global revenue criterion of R$ 50 billion provided for in the Brazilian proposal — a relatively low amount, especially since it applies to the economic group as a whole and on a global scale, even when the company is considered to be of systemic importance in digital markets.

In turn, the value defined by the *DMCC* for the economic group's global revenue would correspond to approximately R$ 183.25 billion[43], which is 3.7 times higher than the R$ 50 billion defined by the Brazilian bill. This also highlights the selective nature of the DMCC in capturing only companies with high revenues for analysis of possible designations. On the other hand, local revenues for the United Kingdom - approximately R$ 7.33 billion[44] - are close in monetary terms to the

[42] Conversion considers the average exchange rate for August 2025 of 6.34, according to data from the Brazilian Central Bank. Available at: https://www.bcb.gov.br/estabilidadefinanceira/historicocotacoes. Accessed on: 16/10/2025.

[43] Conversion considers the average exchange rate for August 2025 of 7.33, according to data from the Brazilian Central Bank. Available at: https://www.bcb.gov.br/estabilidadefinanceira/historicocotacoes. Accessed on: 16/10/2025.

[44] Idem.

revenue value defined by the Brazilian bill, R$ 5 billion, if there were no substantial differences in population, economic, and territorial sizes between the two countries.

Following the British model, the Brazilian proposal also does not stipulate a minimum number of end users or professionals. However, the Brazilian proposal does not provide for the analysis of such metrics for the designation of systematically important companies in digital markets. European legislation, on the other hand, adopts a more rigorous screening process by including this criterion.

The result of the difference in billing criteria and the absence of a minimum number of professional and end users suggests that the regulatory burden of compliance costs will fall on more economic agents in the Brazilian case, which may occasionally lead to competitive distortions and discourage investment and innovation when they are not effectively controlling access.

B.2 Qualitative criteria

The qualitative criteria of the *DMA* expressly define the services provided by companies considered essential[45] and specify that companies controlling access are those (i) that have a significant impact on the internal market, (ii) provide an essential service that characterizes an access gateway for professional and end users, and (iii) benefit from an entrenched and lasting position in their operations (or that will benefit from such a position in the near future).

In the case of *DMCC*, qualitative criteria are again used in the process of designating *SMS* companies. In this process, it is said that the company must have substantial and entrenched market power, i.e., it must not face effective competitive pressure, and its market power must be extensive and not transitory. Finally, the company must have a position of strategic significance, meeting at least one of the following conditions: (i) having achieved significant size or scale in digital activity; (ii) being used by a significant number of other companies in their businesses; (iii)

[45]Definitions are provided in Article 2: a) intermediation services; b) search engines; c) social networking services; d) video-sharing platform services; e) number-independent interpersonal communication services; f) operating systems; g) web browsers; h) virtual assistants; i) cloud computing services; j) advertising services..

having a position that allows it to extend its market power to other activities; (iv) or having the ability to substantially determine or influence the conduct of other companies.

The main difference in qualitative criteria in relation to the Brazilian bill lies in the conceptual understanding of the economic agents targeted by the proposed regulation. The Brazilian regulatory proposal deals with companies of systemic importance in digital markets, designating not only the company that operates the relevant service, but the entire economic group. The *DMA*, in turn, distinguishes that a digital service considered essential does not, in itself, raise competition concerns. To this end, it specifies that these competition concerns will only arise when the essential service constitutes a gateway to the market and has an entrenched and lasting position. In addition, they do not extend the status of controlling access companies to the entire economic group. Finally, the *DMCC* ensures in its regulatory scope that its legislation applies exclusively to firms that have strategic market status in the digital market. This approach ensures that only companies with the greatest potential to cause systemic damage to competition are subject to regulation.

ECONOMIC IMPACTS OF BILL Nº. 4675/2025

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Brazil's Bill 4675/2025 would cause a significant reduction in investments and innovation, and impose significant compliance costs on designated digital platforms.

Broad discretion leads to uncertainty to the number of regulated agents creating **high cost structure,** both through compliance cost and investment reduction

Lack of necessity for economic analysis and efficiency defense in designation and obligation-setting

Context **mismatch** with Brazil's market structure and innovation dynamics.

What does the bill do?

Creates a **Digital Markets Superintendency** within **CADE** to

designate firms

R$ 50Bi global or R$ 5Bi Brazil revenue + open-ended and non-cumulative qualitative factors

+

impose obligations

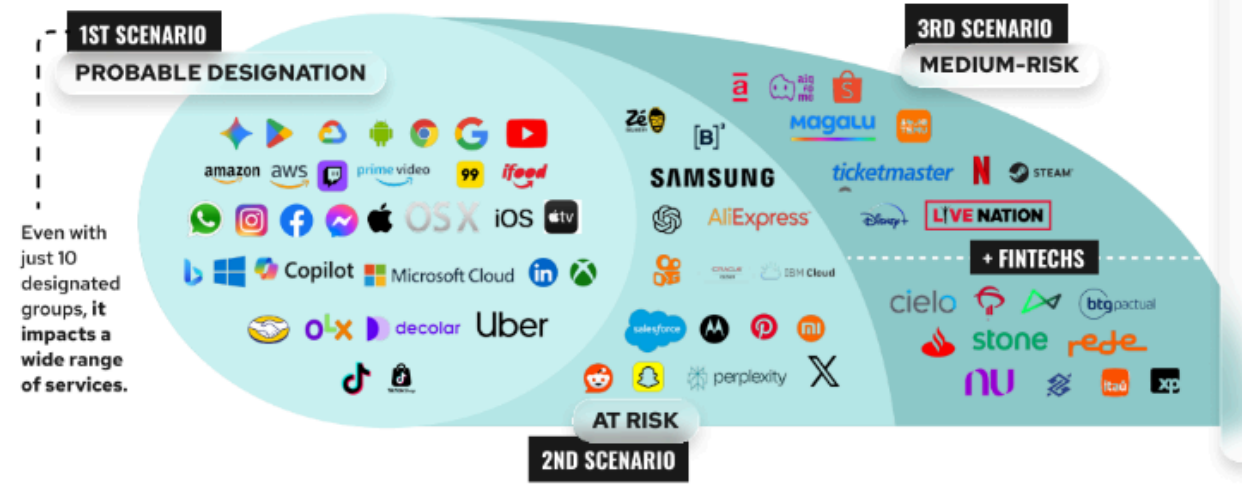
broad discretion in imposing obligation to designated agents

DMA
€7.5B global annual turnover (3 years) OR €75B market cap + minimum user thresholds

DMCC
£1B UK OR £25B global turnover + economic efficiencies defense

Possibly designated firms

33 to 75 companies in **22** sectors can be affected.



Impact of regulation

The economic burden fall on final and professional users.

Reduction in innovation and investments in regulated markets.

Estimated impacts

From **R$2,7BI** to **R$11,34BI**

in compliance and conformity costs over 10 years;

The regulatory burden is transmited to:

Consumers ▶ **R$1,7BI** to **R$8,5BI** through higher prices

Professional users ▶ **R$397MI** to **R$1,7BI** through higher fees and reduction in consumption

Broad discretion creates uncertainty that reduces innovation, with a corresponding reduction:

8,3 to **12,5%** in investments.

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