

BRAZIL TECH OVERVIEW

December 14, 2022

Highlights of regulatory debate in tech industry

Financial Services & Fintechs



House of Representatives approves new regulation on Crypto Assets

On November 29, the House of Representatives approved a **new legal framework on Crypto Assets. The new regulation, which was already approved by the Senate, now awaits presidential approval**, which is expected to happen in the next several days.

The approved text aims to define parameters for service providers related to virtual assets. Among other efforts, it creates a registration for such market agents, which will probably be **under the responsibility of the Brazilian Central Bank (BACEN).**

The most controversial point of the text, which was opposed by national and international brokers, was the requirement that brokers segregate assets. In the Senate, the text included this requirement, but the House of Representatives withdrew that part of the text, and it elevated to the president with no mention of the topic.

The text guarantees a broad definition of crypto assets, which would allow regulators to implement measures towards cryptocurrencies but also other asset categories that already exist or are to be created.



New regulations for financial services providers

BACEN published new rules in November addressing relevant issues for the market with **long-awaited guidelines, especially for fintech.**

The monetary authority released a new rule on the registration and negotiation of credit card receivables. The measures published in resolutions BCB 264, BCB 267 and CMN 5045 have an implementation period of up to one year. According to the monetary authority, the new rules are intended to improve the operation of the environment for recording

and negotiating payment arrangement receivables.

The monetary authority also updated the rules of the **PIX** system, through rule IN 331, and resolutions BCB 269 and 270. Among other topics, new norms establish changes to the **Pix Saque and Pix Troco** modalities, in addition to **eliminating the mandatory limit per transaction.**

The body also published BCB Resolution 257/22, which updates the operational volume and transition schedule for the **registry application of Payment Institutions that issue electronic money.**

Innovation



Proposal for AI regulation at the Federal Senate

On December 6, the Minister of the Superior Court of Justice (STJ) Ricardo Villas Bôas Cueva delivered to the Speaker of the Senate, Rodrigo Pacheco, the final report of the commission of jurists created at the Senate to propose regulation of Artificial Intelligence (AI).

The working group aims to support the drafting of a substitute text for bills 5.051/2019, 21/2020 and 872/2021, which aim to establish principles, rules, guidelines and foundations to regulate the development and application of AI in Brazil.

The **proposal includes governance measures with accountability in case of violation of the law, the requirement for transparency in the use of AI**, and the guarantee of respect for fundamental rights with the guideline that algorithms do not accentuate forms of discrimination. The proposal does not establish which entity would be the regulatory authority for AI in Brazil but **indicates the need to create a central national authority** to unify the rules in general, including the application of sanctions for the developers that do not comply with the legal provisions.

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Digital Government Strategy

A new version of the **Brazilian Strategy for Digital Transformation (E-Digital)** was published by the federal government on November 17. It was elaborated upon by the interministerial committee (CITDigital). This version had been expected since July and includes a proposal for strategic actions up to the year 2026.

Data Privacy



Regulatory Agenda for 2023-2024 for National Data Protection Authority

On November 8, the National Data Protection Authority (ANPD) published its Regulatory Agenda for the 2023-2024 biennium. Its elaboration took into consideration the contributions made by society through subsidies.

Among these ongoing efforts are the regulation and the application of **administrative sanctions as well as the applicable norms to processing of personal data of children and teens**. Other relevant topics, especially for the tech industry, that should be addressed by the authority in this period are **international data transfer, impact reports, biometric data and artificial intelligence**.

Digital Platforms



Recommendations on digital platforms regulation

On November 29th, Paulo Bernardo, coordinator of the Technical Communications Group of the transition government, announced that the working group will make recommendations on regulation for digital platforms. The suggestions might include the **creation of a cross-functional working group within the new government and a new public consultation** that would lead to a **new regulation proposal, still in the first 100 days of the mandate**.

He explained that the suggestion might collect **inspiration from the European regulatory framework model, to address accountability for the dissemination of misinformation and a new tax framework** inspired by the European model (on revenue).

All these suggestions might be included in the reports to be delivered by the working group to the president elect Lula and his team. These reports won't be publicized, as they might contain sensitive information, but the group might host a press conference in December to present the results.



New bills introduced at the Congress concerning digital platforms regulation

On November 10, Federal Representative João Maia (PL/RN) introduced **Bill 2768/22 that aims to regulate digital platforms in Brazil**. It proposes that the **National Telecommunications Agency (Anatel)** regulate the platforms, including the obligation **to pay a management fee** correspondent of 2% of their gross operating income.

The definition of digital platforms would include a broad range of different business models, from social networks to operational systems and cloud computing services.

Also in November, Senator Fabiano Contarato, from the PT (Workers Party), introduced **Bill 2821/22 that requires applications, search engines and social media to implement measures to mitigate the occurrence of algorithmic bias that induces discriminatory behavior**.

The bill alters the Internet Civil Framework (Law 12.965/2014) requiring that application providers also **fight hate speech within their platforms**, release reports on their actions towards it and create ways for users to notify such content.