



Date Published 12 August 2021 by James Kilsby

Mexico Prepares New Gambling Guidelines As Wait For New Law Continues

Binding "guidelines" address bonuses, inspections, licensing

Little impact anticipated for casinos, growing online market

Government drafting new legislation to replace 1947 law

Less than six months after hosting a series of industry workshops on gambling reforms, Mexico's government is proposing binding guidelines that include new marketing restrictions for online operators.

The proposed guidelines were **published** late last week by Mexico's interior ministry on the website of the National Commission for Regulatory Improvement (CONAMER) and are designed to "provide legal security to all participants" in the Mexican gambling market.

The rules will not become effective until they are published in the government's official gazette, and industry stakeholders are invited to submit comments on the proposals for a period of at least 20 days before CONAMER issues an opinion on the proposals.

The guidelines (or "lineamientos") would not supplant either Mexico's 1947 gaming law or a landmark 2004 regulatory decree but would still be subject to "mandatory observance" by all licensed gambling operators in the country, according to the 36-page draft text.

Among other things, the guidelines would clarify the requirements for Mexican gambling license-holders to receive permission to launch new online gambling offerings.

Mexico's 2004 decree already allows established permit-holders to offer online casino games and sports betting in partnership with third-party companies operating under their licenses, similar to U.S. states or Belgium, and a number of leading international brands have launched

Mexican-facing dot.mx sites in recent years.

Going forward, permit-holders would be required to provide Mexico's national gaming department with descriptions of the internal controls and terms and conditions of any affiliated gambling website, along with proof that operators own the legal rights to the brands they will use and a sworn declaration of compliance with Mexican data protection laws.

The new guidelines also would clarify that responsible advertising requirements apply to online gambling, while obliging all land-based and online gambling operators to share details of any player loyalty programs with the interior ministry's gaming department.

In addition, the guidelines would clarify that an existing requirement for pre-approval of any bonus or promotional offerings applies equally to internet gambling. Bonus promotions would have to be submitted at least 15 days in advance and must include responsible gambling information and be clear for consumers, or they will be rejected.

The proposed guidelines would also seek to bring greater clarity to Mexico's at times turbulent land-based market of several hundred de facto casinos that operate under the legal guise of "electronic numbers drawing halls".

The proposals, among other things, would clarify the necessary documentation required to demonstrate local government approval for any new gaming halls, as well as the documents and policies that can be subject to inspection by federal regulators.

Elsewhere, there are new guidelines regarding the disclosure of information by third-party operators that manage casinos on behalf of Mexican permit-holders and requirements for security measures and employee training.

The guidelines will help "to level the ground for everybody" by applying some uniform standards even when operators have different permit terms, said Alfonso Perez Lizaur, president of Mexican gaming operators association APJSAC. "But I don't see any impact at all" on operations, Perez added.

The guidelines do not stray far from Mexico's existing law and regulations, but do add new legal definitions that reflect the growth of online gambling and other developments in the industry since the 2004 regulatory decree, added Carlos Portilla, a partner in the law firm of Portilla, Ruy-Diaz & Aguilar in Mexico City.

Still, some of the guidelines could be problematic, according to Andrea Avedillo of Lazcano Samano law firm in Mexico City.

For example, the guidelines on advertising are actually narrower than those included in the 2004 regulatory decree, even though the latter is the primary regulation, Avedillo said.

The guidelines also refer directly to slot machines (or “maquinas tragamonedas”), whereas Mexican regulations allow only cashless electronic gaming devices, while gambling officials would have authority to verify the lawful importation of all gaming equipment even though some machines may be from within Mexico and the interior ministry “does not have the authority to perform customs inspections.”

“In our opinion, the gambling guidelines, as they are currently drafted, do not present positive changes to the gambling landscape in Mexico,” the Lazcano Samano attorney told VIXIO GamblingCompliance in an email.

New Gambling Law 75 Years In The Making

The guidelines published on August 4 come some five and a half months after the interior ministry and its Gaming and Raffles Department hosted a three-day symposium to discuss potential new gambling legislation in Mexico.

The symposium addressed a variety of topics and saw interior minister Olga Sanchez Cordero state that the government of President Andres Manuel Lopez Obrador was seeking to enact sweeping reforms, rather than just the additional guidance.

Since Mexico last passed a new gambling law in 1947, Sanchez said, “we are living in a completely different reality, with globalization, the incorporation of new technologies into the dynamic of gaming and betting, so it is clear that we need not just to reform this law, we need a new law.”

The decision to move forward with the guidelines or “lineamientos” may be recognition of how complicated it could be to pass a new federal law and allows the government to make progress while they continue to work on new legislation, said Portilla, the Mexico City-based attorney.

Mexico last made a major push to replace its nearly **75-year-old gaming law** in 2014 when a bill was passed in the lower house of the federal Congress before stalling in the Senate.

Earlier this year, the Chamber of Deputies also passed narrower legislation to increase criminal penalties for illegal gambling that is similarly now pending in the upper chamber.

At least two further bills to update the 1947 law to address online gambling have been introduced in Congress in recent months by deputies from the ruling Morena party, including one proposed

in April by Mexico's iconic former multi-weight world boxing champion Erik Morales.

Neither Morales' bill nor a separate measure filed late last year has been voted out of committee to date, however.

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