

Alert | Gaming



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Mexico Amends Gaming Law, Bans Slot Machines

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On Nov. 16, 2023, Mexico’s president issued a decree (Decree) in the Official Gazette of the Federation (*Diario Oficial de la Federación*) (DOF) amending and adding several provisions to the regulation to the Federal Law of Games and Raffles (*Reglamento de la Ley Federal de Juegos y Sorteos*) (Regulation).

The amendments introduce several changes that may significantly affect the gaming industry.

The Decree prohibits the operation of slot machines for new permit holders and amends certain requirements regarding the framework for applying and obtaining gambling permits, among other changes. The Decree took effect Nov. 17, the day after its publication in the DOF.

I. Ban on Slot-Machine Operation

The Decree prohibits the operation of slot machines. The second paragraph of Article 12 of the Regulation defines “slot machines” as “any device through which the user plays with a bet, by inserting cash or any other form of payment for the purpose of obtaining a prize.”

In addition, the Decree states that any form of gambling involving playing cards or similar games involving dice, roulette, and slot machines can no longer be considered “raffles” and are now prohibited.

Permits for the operation of slot machines granted before the Decree took effect will remain valid. However, the maximum term of such permits will be reduced to a non-extendable term of 15 years, starting from the Decree's publication in the DOF.

II. Changes to Legal Framework for Obtaining Gambling Permits

The Decree substantially increases the requirements for applying for and obtaining gambling permits. For example, the Decree introduces the following new requirements for legal entities applying to obtain a permit: (i) entities must provide the name, nationality, domicile, and a copy of official ID for all individual shareholders of the legal entities that form part of the applying entity, and (ii) shareholders of the applying entity must provide a statement under oath certifying they have not been convicted of an economic or tax crime or one related to organized crime or operations with resources of illicit origin.

Additionally, the Decree establishes that permits will have a minimum term of one year and a maximum term of 15 years. Previously, permits had a maximum term of 25 years. However, the Decree specifies that all existing permits currently in operation will remain valid during their current term, considering the new maximum term of 15 years, without any extensions.

Further, the Regulation previously considered two different legal entities for the operation of gambling establishments: "operators" and "permit holders." "Operators" were legal entities that obtained the retroactive right to use a permit to operate a gambling establishment. The Decree eliminates the "operator" and now states that only "permit holders" can operate a gambling establishment and benefit from the corresponding permit. The Transitory Articles of the Decree assert that operators' rights regarding establishments that are currently operating will survive for the term of their corresponding permit (without any extensions).

Finally, the Decree establishes that permits will only be granted to one venue (or event), and any location changes will require entities to apply for a new permit.

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