10 November 2026

Hon. Deputy Hugo Motta
President of the Chamber of Deputies
Chamber of Deputies
Palace of the National Congress
Three Powers Square
Brasília - DF
Brazil
CEP 70165-900

Hon. Senator Davi Alcolumbre
President of the Federal Senate
Federal Senate
Palace of the National Congress
Three Powers Square
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RE: Association for Competitive Technology (ACT) Views on the Digital Markets Bill (PL 4675/2025) and the Rapporteur's Substitute Text, Urging Full Deliberation Before Any Plenary Vote

Your Excellencies,

The Association for Competitive Technology (ACT) represents the global small business technology developer community, including companies based in Brazil and around the world. These companies drive a global app economy worth more than R$88 billion, providing hundreds of thousands of jobs in Brazil. ACT members leverage the connectivity of smart devices to create innovative solutions that introduce new efficiencies across consumer and enterprise use cases and rely on a predictable and fair approach to digital economy regulation to succeed and create new jobs.

We write regarding the Digital Markets Bill (PL 4675/2025) and the substitute text protocoled by the rapporteur, Deputy Aliel Machado, on 8 July 2026, and any further revision the rapporteur may present. Because the bill is proceeding under the urgency regime of Article 155 of the Chamber's Rules, the substitute text may be taken directly to the floor without review by the permanent committees. It remains marked ready for the plenary agenda and awaits the Chamber President's scheduling decision. With the general elections now concluded, reports indicate that the Government is seeking approval of the bill before the year-end recess and that the rapporteur intends to ask that it be scheduled for a floor vote this month.[1] We respectfully urge that the bill not be brought to a plenary vote during the closing weeks of the current legislative session. A measure of this scope and complexity, revised only months ago, warrants full deliberation, including further public hearings, a formal assessment of its economic impact, and meaningful consultation with the small business technology developer community that depends on the platforms the bill would reach. Any revised text the rapporteur presents should also be made public with enough time for review before a vote. A compressed end-of-year calendar, in which many priority items compete for a handful of voting days, is not a setting in which a measure of this consequence can receive the scrutiny it requires. Considering the dynamics of Brazil's online digital ecosystem in the global market, we also ask you to weigh more measured and effective approaches, including self-

[1] See https://jornaldebrasilia.com.br/noticias/politica-e-poder/governo-lula-prioriza-bets-desenrola-e-big-techs-ate-dezembro.

regulation, in which companies voluntarily adopt requirements in a preventive manner before specific issues arise, as a means to address concrete competition concerns without disrupting a market that is working for Brazilian innovators and consumers.

ACT offers its perspective on draft online platform regulations and bills. We urge that, when drafting or amending related laws or policies, a balanced self-regulation approach be adopted that effectively addresses proven market dominance abuse, without hindering the development of Brazil's online digital market, which has positioned the country as a global leader in innovation.

The Value of Platforms to the Small Business Digital Economy Innovator Community

We shared our detailed views on this bill with Your Excellencies previously, and we restate the core concerns below so that the record is complete before any vote.[2] The single most important factor behind the growth of the app ecosystem is the presence of curated platforms and application stores, and any successful platform for mobile, desktop, gaming, or cloud computing must deliver three attributes or risk failing in the marketplace:

1. The provision of a bundle of services that reduces overhead costs;
2. Instantaneous and cost-effective consumer trust mechanisms; and
3. Cost-effective access to a global market.

The market for developer services, in which a developer pays a platform for distribution, marketing, and related support, is itself vigorously competitive. Application markets deliver real value to developers through lower overhead and compliance costs, built-in consumer trust, faster time to market, and wider distribution. Those lower costs and barriers let fledgling and established developers alike reach the roughly five billion application users worldwide while serving consumers and enterprise customers, which is the definition of a healthy two-sided market.

Safety, security, and privacy are equally central to what platforms provide, and these features have advanced considerably. Platforms now extend tools such as biometric authentication to developers, share and act on threat intelligence, deploy critical security updates quickly, and offer privacy controls that developers adapt to their own products and services. Because the contest between security professionals and bad actors never ends, these protections must keep evolving, and competition among platforms is what pushes them to improve.

Platforms also help small innovators protect their intellectual property, which is often the main equalizer that lets a small company defend its work against larger firms. These dispute-resolution and enforcement services have improved markedly and are exactly the kind of developer-facing feature that competition, rather than prescriptive regulation, drives platforms to keep strengthening.

Considerations for Market Dominance Threshold and Competitive Impacts

PL 4675/2025, as revised by the rapporteur's substitute text of 8 July 2026, would establish a sweeping ex ante regime for digital platform markets, drawing on the approaches taken by the

[2] https://actonline.org/2025/11/04/legislation-in-brazil-threatens-local-digital-economy-and-small-businesses/.

European Union and the United Kingdom. We recognize that the substitute text reflects extensive engagement and includes several changes that move in a constructive direction, among them a shorter designation period of up to six years, periodic review of designations, express confirmation that designation does not by itself trigger obligations, a requirement that any obligations be proportionate and directed to specific products or services, expanded public participation and consultation, and a limit preventing the new superintendency from creating sanctioning powers or expanding the grounds for designation by resolution. These are meaningful improvements, but the core architecture of the bill continues to raise concerns for the small business developer community, which we outline below.

Brazil's online ecosystem differs substantially from Europe's, and we urge Brazil to keep nurturing a market in which global technology companies and local developers coexist and grow. Preserving that ecosystem calls for a flexible approach that does not burden small developers or distort the pro-competitive dynamics already at work. Because ex ante gatekeeper regulation is still a young instrument, it should be adopted only with a clearly defined purpose and only after policymakers weigh its benefits against its adverse effects on users, consumers, competitiveness, and trade. Above all, no new rule should end up impeding competition or slowing innovation in Brazil.

The case for caution is stronger now than it was even a few months ago. The European Union's Digital Markets Act has now applied to designated gatekeepers for more than two and a half years, and ACT's own survey of more than 1,000 small and mid-sized technology firms across the European Union, the United Kingdom, and the United States found that ex ante rules of this kind delay European firms' access to the newest tools, hold up product launches, and push more than a third of developers to strip out or downgrade features in order to comply, leaving users in Europe with later and more limited products than their counterparts elsewhere.[3] Analysts caution that Digital Markets Act-style regimes are especially ill-suited to emerging economies, whose markets and institutions differ from Europe's, so that importing the model tends to spread legal uncertainty and fragmentation rather than competition.[4]

For these reasons, ex ante rules aimed at gatekeepers in a developing market need clear and specific justification. Designating firms by predetermined criteria can brand them as presumptively abusive before any unlawful conduct is shown, and in a fast-moving market, that label can deter growth, chill both domestic and foreign investment, and cut against the respect owed to private decision-making.

Any assessment of broad platform rules should weigh how much existing platforms already do to help smaller companies grow. In particular, regulation should not impair the functions that protect consumers, such as preventing fraud, safeguarding privacy, and keeping services usable. We ask Brazilian legislators to weigh the potential harm to digital businesses and markets in Brazil and to treat self-regulation as a serious alternative.

Policymakers should also be careful not to condemn, in the abstract, practices that expand consumer choice. Where several viable platforms compete, so-called self-preferencing and tying frequently deliver efficiency and quality gains, and consumers experience an integrated set of

[3] See https://actonline.org/the-hidden-cost-of-ai-regulations-a-survey-of-eu-uk-and-u-s-companies/.
[4] See https://ecipe.org/publications/eu-export-of-regulatory-overreach-dma/ and https://itif.org/publications/2026/02/20/brazil-should-avoid-rushing-into-dma-style-regulation/.

services as a single product rather than as separate goods to be pried apart. Treating every such integration as unlawful bundling, as the legislation risks doing, would make integrated services harder to use and would reduce, not expand, consumer choice.

Practices that lower costs or raise quality for developers and the consumers they serve should not be banned outright, especially where switching costs are low. A modern smartphone is at once a camera, a music player, and a communications hub, and judging any one feature in isolation misreads how people actually use these devices. Intense competition already discourages harmful self-preferencing, because users can leave a platform easily, and antitrust scrutiny is warranted only when a firm holds market power and then wields it to harm competition and consumers.

Platform Restrictions Could Limit Brazil's Tech Policy Priorities

Rules of this kind also limit a designated platform's ability to decide which third parties may operate on it, and that limit can work against other Brazilian priorities. Brazil has focused in recent years on content moderation and on curbing online misinformation, culminating in a Supreme Court decision on platform liability.[5] If the law leaves platforms too little room to govern what happens on their services, goals such as stronger content moderation may become harder, not easier, to achieve. PL 4675/2025 is a competition law measure, and it should not be advanced as a response to concerns about online content or elections, which call for different tools and their own deliberation.

Brazil has also become South America's leading hub for data centers and is courting far more investment, including a R$362 billion plan in Rio de Janeiro to build three gigawatts of capacity by the early 2030s.[6] Together with the special tax regime for data center services (Redata) enacted in September 2026, these investments could make Brazil a serious player in fields such as artificial intelligence. A regulatory climate that constrains the largest participants in these markets would put those ambitions at risk.

Finally, beyond these policy and practical concerns, we urge careful consideration of whether the proposed regulation is consistent with Brazil's obligations under existing trade agreements and with its interest in resolving ongoing trade discussions and reaching new agreements with major trading partners.

Conclusion

The flexibility and reach that platforms provide are essential to the growth and durability of small companies throughout Brazil, lowering their costs and opening distribution channels that let them compete worldwide. Regulation that is poorly scoped puts those benefits at risk, particularly if compliance burdens lead platforms to restrict access or raise prices. Brazil's approach should instead protect a competitive environment for small companies and startups. Where market definition and market failure are uncertain and the danger of overregulation is real, favoring

[5] https://www.techpolicy.press/brazils-supreme-court-overturns-platform-liability-rulesnow-comes-the-challenge-of-whats-next/.
[6] https://www.msn.com/en-us/news/world/rio-unveils-65bn-ai-hub-as-brazil-courts-global-data-centre-investment/ar-AA1lgzqI.

competition and innovation over an untested and far-reaching regime is the sounder course for Brazil's digital economy.

For these reasons, we respectfully urge that PL 4675/2025 and the rapporteur's substitute text not be rushed to a plenary vote during the final weeks of the current legislative session, and that the Chamber instead allow the approved public hearings, deliberation at the committee level, and genuine consultation with the small business technology developer community before proceeding, and that the Federal Senate give the bill the same full review should it reach that chamber. Brazilian platform regulation of this kind carries the potential to alter today's hyper-competitive app economy into an environment where high compliance requirements widen the moat around established players and raise costs and reduce operational flexibility for small businesses. Any changes to Brazilian competition law should be preceded by substantial study and effort to preserve the pro-competitive dynamics of the curated online marketplaces discussed above.

We encourage the National Congress to instead take a path that supports business growth and job creation in Brazil. We also ask that the process protect fair competition while sustaining the innovation of Brazil's digital economy, and that it reflect the full range of stakeholder views through transparent and continuing dialogue with industry, including the small business developer community.

Thank you for the opportunity to share our perspectives on this important issue. We welcome further discussion on how best to support fair and effective regulation in Brazil that sustains and strengthens the vibrant online digital economy.

Sincerely,



Morgan Reed
President

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