



Highlights of the proposal to amend the Brazilian Corporate Law

The Bill 2.925/23 to amend Law No. 6,404/1976, the Brazilian Corporate Law, and Law 6,385/1976, which created the Brazilian Securities and Exchange Commission (“CVM”), proposed by the Executive Branch, through the Ministry of Finance, was submitted for approval by the National Congress on June 2, 2023 (“PL 2,925”). The purpose of the proposed changes is to include greater protection for minority shareholders against losses caused by controlling shareholders or managers of listed companies.

Among the changes proposed in PL 2.925, the following stand out:

- Expansion of CVM's competences: in order to create new means of instruction of administrative processes, such as, among others, the performance of inspections in the establishments of investigated companies and the request, through the judicial power, of search warrants and seizure of documents and information.
- Civil Liability: for losses suffered by investors as a result of action or omission of companies in violation of the legislation and regulation of the securities market, subject to proof of guilt or intent, applicable to:
 - Managers;
 - Controlling shareholders, when the legislation or regulation directly imposes on them the duty to comply with the infringed norm or when they contribute to the practice with managers (joint and several liability);
 - Offerors and the coordinators of public offerings for the distribution of securities and offerors and intermediaries of public offerings for the acquisition of securities.
- Class Actions for Civil Liability: possibility for legitimate investors to bring class actions for civil liability.
- Arbitration: the by-laws, regulations, deeds and instruments for the issuance of securities may provide that the liability action shall be decided by arbitration, provided that they are public, and CVM may regulate the limits of this public character, including cases in which confidentiality will be admitted.
- Termination of Liability Law Suit: inclusion of the authorization and termination of a liability law suit, which are treated by articles 159 and 246 of the Brazilian Corporate Law, as being within the competence of Shareholders' Meetings. Even if approved, the termination



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shall not take effect if shareholders representing ten percent of the voting capital decide to reject it.

- Restriction to Vote: managers may not vote in resolutions regarding the exemption from liability of managers and members of the fiscal council and on the filing of a liability law suit.
- Exemption from Liability: exclusion of automatic exemption from liability for managers and members of the fiscal council after the approval of financial statements and management accounts.
- Legitimacy for the Filing of a Liability Law Suit: when shareholders, within the shareholder's meeting, decide not to promote the law suit, change in the hypothesis of legitimacy by shareholders of listed companies.
- Award in Liability Law Suits in case of Conviction: in case of conviction of managers or controlling shareholder, an award of 20% on the total amount of the indemnity shall be paid to the plaintiff.

PL 2.925 and its status can be accessed in Portuguese through the link below:

<https://www.camara.leg.br/proposicoesWeb/fichadetramitacao?idProposicao=2367421>



Decree No. 11,563 regulates the Brazilian Legal Framework of Crypto Assets

On June 14, 2023, Decree No. 11,563 was published, which regulates Law No. 14,478 of September 21, 2022, also known as the Brazilian Legal Framework of Crypto Assets (“Decree”). This Decree establishes the guidelines for the provision of virtual asset services and assigns to the Central Bank of Brazil the responsibility of regulating the crypto asset market.

Since the entry into force of the Decree on June 20, 2023, the Brazilian Central Bank is competent to:

- (i) regulate the provision of virtual asset services, in compliance with the guidelines of the Brazilian Legal Framework for Crypto Assets;

- (ii) regulate, authorize, and supervise virtual asset service providers; and
- (iii) deliberate on the other hypotheses established in the Brazilian Legal Framework of Crypto Assets, except with respect to the National Registry of Politically Exposed Persons.

The Decree does not apply to assets representing securities which shall remain under the jurisdiction of CVM, subject to Law No. 6,385/1976.

The Decree can be accessed in Portuguese through the link below:

http://www.planalto.gov.br/ccivil_03/ato2023-2026/2023/decreto/D11563.htm