



## CVM initiates administrative proceeding against board member for accepting a position at a company deemed a competitor

On June 17, 2025, the Brazilian Securities and Exchange Commission (“CVM”) initiated a sanctioning administrative proceeding to investigate the conduct of a former member of the board of directors of a listed financial institution. The accusation pointed out two potential violations:

- **Conflict of interests:** for accepting a position in another company deemed a competitor of the company, in breach of Article 147, paragraph 3, item I, of the Brazilian Corporate Law, combined with Article 17, paragraph 2, item V, of the State-Owned Enterprises Law (Law No. 13,303/16); and
- **Breach of the duty of diligence:** the director allegedly failed to previously disclose his affiliation with the competing company in the registration form and in his conflict of interest statements, in breach of Article 153 of the Brazilian Corporations Law

In the reporting CVM’ Director vote, Chairman João Pedro Nascimento, was stated that the objective analysis of the business activities of the companies should be carried out to determine whether competition exists, considering the type of product or service offered, even if the companies are not direct competitors in all market segments.

Regarding the allegation of breach of the duty of diligence, he noted that although CVM’s Superintendence of Public Companies (SEP) held the defendant accountable for failing to clearly and precisely disclose his relationship with the competitor in his conflict of interest statements, such lack of detail would not justify administrative liability. He further stated that Article 156 of the Brazilian Corporate Law only requires justification as to the nature and extent of the conflicting interest, providing information necessary and relevant to the resolution at hand, but does not



## CVM inicia julgamento de processo envolvendo membro de Conselho de Administração por assumir cargo em sociedade considerada concorrente

impose an obligation to disclose excessive details about the individual's occupation, and that while more detailed justifications for the conflict of interest may be desirable from a transparency and corporate governance standpoint, they are not legally required nor mandated by CVM regulation.

Ultimately, the Chairman decided on a penalty of notice of warning for failing to provide sufficient information about his role at the potentially competing company in the Registration Form, but voted to acquit him of the other charges.

The Director Marina Copola agreed with the reporting Director Vote, as did Director João Accioly regarding the acquittals, although Accioly dissented from the imposition of the warning penalty.

The proceeding was suspended following a request for review by Director Otto Lobo.

For further information in Portuguese, please refer to the following link: <https://www.gov.br/cvm/pt-br/assuntos/noticias/2025/cvm-inicia-julgamento-de-processo-envolvendo-ex-membro-do-conselho-de-administracao-do-banco-de-brasilia-s-a>.



## Bill No. 1,246/2021 approved: state-owned companies must ensure a minimum percentage of women on their boards

On June 24, 2025, the Federal Senate approved Bill No. 1,246/2021, which states that at least 30% of the seats on the boards of directors of state-owned companies, semi-public companies, and their subsidiaries or controlled entities be reserved for women. The bill aims to foster greater gender diversity in public-sector corporate decision-making bodies. The proposal now awaits presidential approval.

The requirement will be implemented gradually as follows:

- 10% of seats at the first election when the law enters into force;
- 20% at the second election; and
- 30% as of the third election onward.

Within the minimum percentage, at least 30% of the seats must be filled by Black women or women with disabilities,

in line with affirmative inclusion policies that consider intersectionality

Boards that fail to meet the minimum percentage will be prevented from deliberating on any matter until they are duly regularized. The oversight will be carried out by each federal entity's internal and external control bodies.

Further information on the Bill is available in Portuguese at the following link: <https://www25.senado.leg.br/web/atividade/materias/-/materia/159377>