_ CVM concludes proceedings and acquits former directors of a publicly held company in a case involving disclosure of information, share repurchases, and directors' and officers' compensation

On July 28, 2026, the Brazilian Securities and Exchange Commission ("CVM") concluded the adjudication of an administrative enforcement proceeding initiated by its Enforcement Proceedings Office ("SPS") to investigate the liability of two former officers of a publicly held company: its then Investor Relations Officer ("IRO"), who also served as Executive Vice President and Chief Financial Officer, and its then Chief Executive Officer. The allegations concerned the following matters:

- Selective disclosure of information (former IRO only): disclosure of confidential and material information to selected parties, in alleged violation of Article 155, paragraph 1, of the Brazilian Corporations Law, in conjunction with Articles 3 and 8 of CVM Instruction No. 358/2002 and Article 16 of CVM Instruction No. 480/2009;
- Disclosure of false information to the market (former IRO only): denial, in a notice to the market, that the Chairman of the Board of Directors had submitted a resignation request, in alleged violation of Article 14 of CVM Instruction No. 480/2009, in conjunction with Article 6 of CVM Instruction No. 358/2002;
- Failure to comply with the share repurchase limit established by the Board of Directors (former IRO only): implementation of a share repurchase program in an amount exceeding that authorized, in alleged violation of Article 155 of the Brazilian Corporations Law; and
- Gratuitous act and failure to comply with the overall compensation limit (both defendants): payment of bonuses to members of management, through a wholly owned subsidiary and in connection with divestment transactions, in excess of the aggregate compensation limit approved at the shareholders' meeting, in alleged violation of Article 152, in conjunction with Article 154, paragraph 2(a), of the Brazilian Corporations Law.

As a preliminary matter, the Reporting Director ordered the exclusion from the record of evidence obtained from a police investigation that had been declared null and void by the Judiciary (in line with Theme No. 1,238 of the Brazilian Federal Supreme Court ("STF")) . This reduced the evidentiary record and affected the merits analysis of several of the allegations, reinforcing the principle that, in administrative enforcement proceedings, the burden of proving both authorship and the occurrence of the

[1]Theme No. 1,238 of the Brazilian Federal Supreme Court (STF) prohibits the use, in administrative proceedings, of evidence declared unlawful by the Judiciary. In this case, the police investigation from which part of the evidence originated was declared null and void due to the presiding judge's lack of impartiality, and that ruling was upheld by the Brazilian Superior Court of Justice ("STJ"). The exclusion from the record applied only to evidence derived from such sharing, while evidence independently obtained by the CVM was preserved (Article 40 of CVM Resolution No. 45/2021).

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alleged violation rests with the enforcement authority.

With respect to the disclosure of the resignation, the prevailing opinion held that an officer's or director's resignation becomes effective vis-à-vis the company upon receipt of the written notice addressed to it (Article 151 of the Brazilian Corporations Law) and that the IRO cannot be presumed to have knowledge of all facts, as doing so would amount to imposing strict liability, which is not permitted under Brazilian law. Although the IRO is subject to a heightened duty to remain informed, that duty is supported by the obligation of the other members of management and the controlling shareholder to report material facts to the IRO (Article 3, paragraph 1, of CVM Instruction No. 358/2002).

Still in connection with the second allegation, as to the appropriate disclosure instrument, the Reporting Director reaffirmed that materiality must be assessed from the investor's perspective, taking into account both the probability and the magnitude of the potential impact, and that industry practices and the company's own disclosure practices are legitimate factors in that assessment. The absence of unusual trading fluctuations was treated as an indication that the information was not material, and the Reporting Director cautioned against hindsight bias whereby the adjudicator substitutes its own judgment for that of the IRO. Against this background, he found that disclosure through a notice to the market, rather than a material fact notice, was appropriate.

With respect to the share repurchase, the prevailing opinion distinguished between excess of authority, involving action outside the powers granted by law or the bylaws, and abuse of authority, where an act formally complies with the applicable requirements but frustrates the purpose of the rule. It stated that failure to comply with a determination of the Board of Directors "does not, in and of itself, constitute disloyal conduct": although the corporate governance structure is hierarchical, directions issued by superior corporate bodies are not self-executing and may ultimately be enforced through removal from office. In the Reporting Director's view, a breach of the duty of loyalty under Article 155 would require conduct contrary to the company's interests, generally undertaken willfully and for the benefit of the officer or director concerned or a third party.

As regards the bonus payments, the Reporting Director adopted a narrow interpretation of a gratuitous act under Article 154, paragraph 2(a), namely, a reduction in the company's assets without any direct or indirect, immediate or future economic benefit. Decisions that

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merely prove unsuccessful should instead be assessed under the duty of care. He further held that the aggregate compensation limit under Article 152 is determined on a company-by-company basis and that amounts paid for services rendered to a subsidiary, rather than by reason of the individual's corporate office, do not constitute compensation for purposes of that limit. The former Chief Executive Officer was therefore acquitted due to insufficient evidence of authorship.

In a separate opinion issued following a request for review, Alternate Director Luís Felipe Lobianco partially dissented. With respect to disclosure, he argued that categorically denying the existence of a resignation request that was already in progress amounted to materially false information, and that full and fair disclosure does not depend on the formal completion of the underlying act. In his view, the IRO has an affirmative duty to investigate and correct information that is inconsistent with the facts. As to the share repurchase, he found that the deliberate and knowing disregard of a limit established by the Board, particularly by an officer who had participated in setting and had agreed to such limit, "transcends the realm of functional incompetence and falls within the scope of disloyalty," in light of the affirmative aspect of the duty of loyalty, irrespective of any personal benefit or risk to the company's solvency. With respect to the bonuses, he viewed their payment through a wholly owned subsidiary, more than the aggregate limit approved at the shareholders' meeting and without shareholder approval, as both a gratuitous act and an abuse of authority. In his view, the absence of a formal corporate office at the paying entity was irrelevant given the individual's substantive role as a member of management.

The proceeding began on December 29, 2025, when the Reporting Director, CVM Chairman Otto Lobo, voted to acquit both defendants. The proceeding was then stayed following a request for review and resumed on June 9, 2026, when Alternate Director Luís Felipe Lobianco issued his dissenting opinion. A further stay followed a request for review by Director João Accioly.

Ultimately, the CVM Board decided, by majority vote, to acquit the former IRO and, unanimously, to acquit the former Chief Executive Officer.

For further information on this matter, please see: https://www.gov.br/cvm/pt-br/assuntos/noticias/2026/cvm-retoma-julgamento-de-processo-envolvendo-ex-diretores-da-irb-2013-brasil-resseguros-s-a-e-absolve-acusados.

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_ CVM establishes new mandatory fields in the ITR and DFP filings

On August 19, 2026, the Corporate Relations Superintendence ("SEP") of the Brazilian Securities and Exchange Commission ("CVM") published CVM/SEP Circular Letter No. 05/2026, providing guidance to Brazilian and foreign publicly held companies regarding changes to the Quarterly Information Forms ("ITR") and Standardized Financial Statements Forms ("DFP").

As of August 29, 2026, the forms will include two new mandatory fields in the "Company Information" section: (i) Accumulated Consolidated Gross Revenue; and (ii) Date.

The new requirement will apply both to initial filings and to refilings of ITR and DFP forms made on or after that date. The CVM has warned that failure to complete the new fields will constitute a filing deficiency that will prevent submission of the forms through the Empresas.NET System.

Accordingly, companies should prepare in advance for the change and review their internal procedures for preparing and submitting the forms, particularly the processes followed by their Investor Relations, Accounting and other teams responsible for periodic information filed with the CVM.

It is also advisable to verify in advance the information to be entered into the new fields to avoid any impediment to the filing of initial or amended submissions on or after August 29.

CVM/SEP Circular Letter No. 05/2026 is available at the following link: https://conteudo.cvm.gov.br/legislacao/oficios-circulares/sep/oc-sep-0526.html.

_ BSM expands the use of artificial intelligence in capital markets supervision

BSM Supervisão de Mercados (“BSM”), the self-regulatory organization responsible for supervising the markets operated by B3, has been expanding its use of artificial intelligence (“AI”), machine learning and data analytics in its capital markets surveillance activities. According to a study published by BSM, its current surveillance framework includes 41 alert and ranking processes designed to identify atypical activity, 60 algorithms aimed at validating and automating processes, and 63 standardized queries used to generate information. Of these, 11 processes use machine learning and AI models.

Among the results reported, BSM highlighted a 50% reduction in false positives in a machine learning model applied to transaction monitoring. In another initiative, an AI tool reduced from four hours to one hour the time required to analyze certain indicators relating to investor behavior.

According to BSM, the adoption of these technologies increases processing capacity and allows human analysis to be focused on situations requiring more in-depth investigation, without replacing the work performed by specialists.

These developments also underscore the importance of data governance, internal controls, and the quality and traceability of information maintained by market participants, considering the increasing use of technological tools in market surveillance mechanisms.

Further information is available at the following link: https://www.bsmsupervisao.com.br/documents/d/guest/inovacao-em-supervisao-pdf.