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**LAW 6.385 (7 DECEMBER 1976)**

Establishes provisions for the securities market and creates the Securities and Exchange Commission of Brazil, CVM.

**THE PRESIDENT OF THE REPUBLIC**, I announce that the **NATIONAL CONGRESS** passes and I sanction the following Law:

CHAPTER I

General Provisions

Article 1. The following activities will be ruled and supervised in accordance with this Law: (Wording provided by Law 10.303, of 31.10.2001)

I - issuance and offering of securities on the market; (Wording provided by Law 10.303, of 31.10.2001)

II - trading and intermediation on the securities market; (Wording provided by Law 10.303, of 31.10.2001)

III - trading and intermediation on the derivatives market; (Wording provided by Law 10.303, of 31.10.2001)

IV - organization, functioning and operations of stock exchanges; (Wording provided by Law 10.303, of 31.10.2001)

V - organization, functioning and operations of commodities and futures exchanges; (Wording provided by Law 10.303, of 31.10.2001)

VI - portfolio management and securities custody; (Wording provided by Law 10.303, of 31.10.2001)

VII - auditing of publicly held companies; (Item included by Law 10.303, of 31.10.2001)

VIII - securities consultancy and analysis services. (Item included by Law 10.303, of 31.10.2001)

Article 2. The following securities are subject to this Law: (Wording provided by Law 10.303, of 31.10.2001)

I - shares, debentures and subscription bonuses; (Wording provided by Law 10.303, of 31.10.2001)

II - coupons, rights, subscription receipts and split certificates related to the securities referred to in item II above; (Wording provided by Law 10.303, of 31.10.2001)

III - certificates of deposit of securities; (Wording provided by Law 10.303, of 31.10.2001)

IV - debenture notes; (Item included by Law 10.303, of 31.10.2001)

V - shares of securities investment funds or investment clubs in any assets; (Item included by Law 10.303, of 31.10.2001)

VI - commercial notes; (Item included by Law 10.303, of 31.10.2001)

VII - futures, options and other derivatives contracts, whose underlying assets are securities; (Item included by Law 10.303, of 31.10.2001)

VIII - other derivative contracts, regardless of the underlying assets; and (Item included by Law 10.303, of 31.10.2001)

IX - when publicly offered, any other securities or collective investment contracts, which generate the right of stakeholding, partnership or remuneration, including those resulting from the provision of services, whose income comes from the effort of the entrepreneur or third parties. (Item included by Law 10.303, of 31.10.2001)

§ 1. The following are excluded from the scope of this Law: (Wording provided by Law 10.303, of 31.10.2001)

I - federal, state or municipal public debt bonds; (Wording provided by Law 10.303, of 31.10.2001)

II - foreign currency bonds held by financial institutions, except for debentures. (Wording provided by Law 10.303, of 31.10.2001)

§ 2. The securities issuers referred to in this article, as well as their managers and controllers, are subject to the provisions of this Law, concerning publicly held companies. (Paragraph included by Law 10.303, of 31.10.2001)

§ 3. The Securities Commission of Brazil ought to issue rules to implement the provisions of this article and it may: (Paragraph included by Law 10.303, of 10.31.2001)

I - require issuers to be incorporated in the form of a corporation; (Item included by Law 10.303, of 31.10.2001)

II - require that issuers' financial statements, or that information about the enterprise or project, be audited by a independent auditors registered with the Securities and Exchange Commission of Brazil, CVM; (Item included by Law 10.303, of 31.10.2001)

III - exempt, in public offerings of securities referred to in this article, the participation of a company that is part of the system provided for in article 15 of this Law; (Item included by Law 10.303, of 31.10.2001)

IV - establish standards for clauses and conditions that must be adopted in securities or investment contracts, intended for trading on a stock exchange or on the

over-the-counter market, organized or not, and refuse admission to the market of an issue that does not meet these standards. (Item included by Law 10.303, of 31.10.2001)

§ 4. To be considered valid, derivatives contracts mentioned in items VII and VIII of the header, entered into on or after Executive Order 539, of 26 July 2011, came into effect must be registered with clearing houses or clearing, settlement and registration service providers authorized by the Central Bank of Brazil or by the Securities and Exchange Commission of Brazil, CVM. (Included by Law 12.543 of 2011)

Article 3. The National Monetary Council shall:

I - define the policy to be observed in the organization and operation of the securities market;

II - regulate the use of credit in this market;

III – provide for the general guidelines the Securities and Exchange Commission of Brazil, CVM, observes in the exercise of its functions;

IV - define the activities of the Securities and Exchange Commission of Brazil, CVM, carried out in coordination with the Central Bank of Brazil;

V - approve the Securities and Exchange Commission of Brazil, CVM, staff and its regulation, as well as to establish the remuneration of the chairman, commissioners, occupants of positions of trust and other servants. (Item Included By Law 6.422, of 08.06.1977)

VI - establish, for the purposes of monetary and exchange policy, specific conditions for the trading of derivatives contracts, regardless of the nature of the investor, including: (Included by Law 12.543, of 2011)

a) determining deposits on the notional values of the contracts; and (Included by Law 12,543, of 2011)

b) setting limits, deadlines and other conditions on derivatives contracts negotiations. (Included by Law 12.543 of 2011)

§ 1. With the exception of the provisions of this Law, the surveillance of financial and capital markets will be carried out by the Central Bank of Brazil, under the terms of the legislation in force. (Included by Law 12.543 of 2011)

§ 2. The specific conditions referred to in item VI of the header of this article shall not be required for operations outstanding on the date of publication of the act that establishes them. (Included by Law 12.543 of 2011)

Article 4. The National Monetary Council and the Securities and Exchange Commission of Brazil, CVM, shall exercise the attributions provided by law for the purpose of:

I - encouraging the formation of savings and their investment in securities;

II - promoting the expansion and efficient functioning of the stock market, and encouraging permanent investments in shares of publicly held companies under the control of national private capital;

III - ensuring the efficient and regular functioning of the exchange and over-the-counter markets;

IV - protecting securities holders and market investors against:

a) irregular issuance of securities;

b) illegal acts by managers and controlling shareholders of publicly held companies, or securities portfolio managers;

c) the use of material information not disclosed to the securities market. (Item included by Law 10.303, of 31.10.2001)

V - avoiding or preventing fraud or manipulation aimed at creating artificial conditions of demand, supply or price of securities traded on the market;

VI - ensuring public access to information about the securities traded and the companies that issued them;

VII - ensuring the observance of fair commercial practices in the securities market;

VIII - ensuring compliance with the conditions for the use of credit established by the National Monetary Council.

## CHAPTER II

### The Securities and Exchange Commission of Brazil, CVM

Article 5. This Law creates the Securities and Exchange Commission of Brazil, CVM, an autonomous entity under a special regime, linked to the Ministry of Finance, with its own legal personality and assets, endowed with independent administrative authority, absence of hierarchical subordination, fixed term and stability of its commissioners, and financial and budgetary autonomy. (Wording provided by Law 10.411, of 26.02.2002)

Article 6. The Securities and Exchange Commission of Brazil, CVM, will be managed by a Chairman and four Commissioners, all appointed by the President of the Republic, after being approved by the Federal Senate, from among persons of sound reputation and recognized competence in matters of capital markets. (Wording provided by Law 10.411, of 26.02.2002)

§ 1. The term of the Chairman and the Commissioners will be five years, re-appointments being prohibited; one fifth of the members of the Board shall be renewed each year. (Wording provided by Law 10.411, of 26.02.2002)

§ 2. The terms of the Chairman and the Commissioners may be terminated earlier solely due to resignation, final and unappealable judicial conviction or disciplinary administrative process. (Wording provided by Law 10.411, of 26.02.2002)

§ 3. Without prejudice to the provisions of criminal law and administrative improbity law, non-observance by the Chairman or a Commissioner of the duties and prohibitions inherent to their position shall be the cause for termination. (Wording provided by Law 10.411, of 26.02.2002)

§ 4. It is incumbent upon the Minister of Finance to initiate the disciplinary administrative process, which will be conducted by a special commission, and it is incumbent upon the President of the Republic to determine preventive removal, when applicable, and render the judgment. (Wording provided by Law 10.411, of 26.02.2002)

§ 5. In the event of resignation, death or term termination of the Chairman, the eldest or the longest serving Commissioner, in that order, will take over, until further appointment, without prejudice to their attributions. (Wording provided by Law 10.411, of 26.02.2002)

§ 6. In the event of resignation, death or term termination of a Commissioner, a new appointment will be made according to the provisions of this Law in order to complete the term of the replaced Commissioner. (Wording provided by Law 10.411, of 26.02.2002)

§ 7. The Commission will function as a decision-making body in accordance with its internal regulations, which will provide for the responsibilities of the Chairman, the Commissioners and the Board of Commissioners. (Included by Autonomous Decree 3,995, of 2001)

Article 7. The Commission will cover the expenses for its operation with resources from:

I - allocations of monetary reserves referred to in Article 12 of Law 5.143, of 20.10.1966, amended by Decree-Law 1.342, of 10.08.1974, as assigned by the National Monetary Council;

II - appropriations that are consigned to it in the federal budget;

III - revenues from the provision of services by the Commission, observing the table approved by the National Monetary Council;

IV - income from patrimonial assets and occasional income.

V - revenue from fees arising from the exercise of its enforcement powers, under the terms of the law. (Item included by Law 10.303, of 31.10.2001)

Article 8. It is incumbent upon the Securities and Exchange Commission of Brazil, CVM, to:

I - regulate, in compliance with the policy provided by the National Monetary Council, the matters this Law and the Corporation Law provide for;

II – manage the registration records that this Law sets forth;

III - permanently inspect the activities and services of the securities market mentioned in Article 1, as well as the dissemination of information related to the market, its participants, and the securities traded therein;

IV - propose to the National Monetary Council the establishment of maximum price limits, commissions, fees and any other payments charged by market intermediaries;

V - inspect publicly held companies, prioritizing those that are not profitable or that fail to pay the minimum mandatory dividend.

§ 1. The provisions herein do not exclude the competence of stock, commodities and futures exchanges, as well as clearing and settlement entities, in relation to their members and the securities they admit for trading. (Writing by Decree 3.995, of 31.10.2001)

§ 2. All documents and records of administrative proceedings will be publicly accessible, except for those whose secrecy is essential for the defense of intimacy or social interest, or whose confidentiality is expressly provided by law. (Writing by Decree 3.995, of 31.10.2001)

§ 3. In accordance with the provisions of its bylaws, the Securities and Exchange Commission of Brazil, CVM, may:

I - publish a draft normative act to receive suggestions from interested parties;

II - summon, at its discretion, any person who can contribute with information or opinions for the improvement of the regulation it issues.

Art 9. The Securities and Exchange Commission of Brazil, CVM, in compliance with the provisions of § 2 of Article 15, may: (Wording provided by Decree 3.995, of 31.10.2001)

I - examine and extract copies of accounting records, books or documents, including electronic programs and magnetic, optical or any other types of files, as well as working papers of independent auditors, all of which must be kept in perfect order and state of conservation by the minimum term of five years, from the following persons: (Wording provided by Decree 3.995, of 31.10.2001)

a) natural and legal persons that are part of the securities distribution system (Article 15);

b) publicly held companies and other securities issuers and, when there is a founded suspicion of illegal acts, the respective parent companies, subsidiaries, affiliates and companies under common control; (Wording provided by Law 10.303, of 31.10.2001)

- c) investment funds and companies;
- d) securities portfolios and deposits (Articles 23 and 24);
- e) independent auditors;
- f) securities consultants and analysts;

g) any other person, whether natural or legal, upon the occurrence of any irregularity to be investigated under the terms of item V of this article, for the purpose of verifying the occurrence of illegal acts or inequitable practices; (Wording provided by Decree 3.995, of 31.10.2001)

II - summon the persons referred to in item I to provide information or clarifications, subject to a fine, without prejudice to the application of the penalties prescribed by Article 11; (Wording provided by Law 10.303, of 31.10.2001)

III - request information from any public body, entity or public company;

IV - order publicly held companies to reissue, with corrections or additions, financial statements, reports or other information;

V - investigate, through administrative proceedings, illegal acts and inequitable practices of managers, members of the fiscal council and shareholders of publicly held companies, intermediaries and other market participants; (Wording provided by Law 10.303, of 31.10.2001)

VI - apply the penalties prescribed by Article 11, without prejudice to civil or criminal liability.

§ 1. In order to prevent or correct abnormal market situations, the Securities and Exchange Commission of Brazil, CVM, may:

- I - suspend securities trading or decree a stock exchange recess;
- II - suspend or cancel the registrations this Law provides for;

III - disclose information or recommendations in order to clarify or guide market participants;

IV - prohibit market participants, under penalty of fine, from performing acts that it specifies, considered damaging to regular market operation.

§ 2. The process, in the cases of item V herein, may be preceded by an investigative phase, in which the necessary secrecy to elucidate the facts or required by the public interest will be ensured, observing the procedure established by the Commission. (Wording provided by Decree 3.995, of 31.10.2001)

§ 3. When required by public interest, the Securities and Exchange Commission of Brazil, CVM, may disclose the fact that an investigative procedure as mentioned in § 2 has been initiated. (Paragraph included by Decree 3,995, of 31.10.2001)

§ 4. When investigating securities market violations, the Securities and Exchange Commission of Brazil, CVM, will prioritize the more serious ones and whose penalties provide greater educational and deterring effects for market participants, and the Commission may decide not to carry out a sanctioning administrative procedure considering the little relevance of the conduct, the low expressiveness of damages and the use of other supervisory instruments and measures that it deems more effective. (Wording provided by Law 13.506 of 2017)

§ 5. The judgment sessions carried out by the Board Commissioners for the administrative process referred to in item V herein will be public, and the access of third parties may be restricted according to the public interest involved. (Paragraph included by Decree 3.995, of 31.10.2001)

§ 6. The Securities and Exchange Commission of Brazil, CVM, will be competent to investigate and punish fraudulent conduct in the securities market whenever: (Paragraph included by Decree 3.995, of 31.10.2001)

I - its effects cause damage to persons residing in the national territory, regardless of the place where they have occurred; and (Item included by Decree 3.995, of 31.10.2001)

II - material acts or omissions have been practiced in the national territory. (Item included by Decree 3.995, of 31.10.2001)

Article 10. The Securities and Exchange Commission of Brazil, CVM, may enter into agreements with similar bodies in other countries, or with international entities, for assistance and cooperation in conducting investigations to determine violations of the rules relating to the securities market that occur in Brazil and abroad. (Wording provided by Law 10.303, of 31.10.2001)

§ 1. The Securities and Exchange Commission of Brazil, CVM, may refuse to provide the assistance referred to in the *header* of this article when there is a public interest to be protected. (Paragraph included by Law 10.303, of 31.10.2001)

§ 2. The provisions of this article also apply to information that, by legal provision, is subject to secrecy. (Paragraph included by Law 10.303, of 31.10.2001)

Article 10-A. The Securities and Exchange Commission of Brazil, CVM, the Central Bank of Brazil and other regulatory bodies and agencies may enter into an agreement with entities whose purpose is the study and disclosure of accounting and auditing principles, norms and standards, and may adopt in the exercise of its attributions regulations, fully or partially, the pronouncements and other technical guidelines issued. (Included by Law 11.638 of 2007)

Single paragraph. The entities referred herein shall be mainly composed of accountants, also including, on an equal basis, representatives of entities representing companies subject to the regime of preparation of financial statements provided for in this Law, of companies that audit and analyze financial statements, of the federal accounting professional body and of a university or institute of research with recognized performance within the accounting and capital markets fields. (Included by Law 11.638 of 2007)



Article 11. The Securities and Exchange Commission of Brazil, CVM, may impose on violators of the provisions of this Law, of the Corporations Law, its own resolutions, and other legal provisions it is responsible for supervising, the following penalties, individually or cumulatively: (Wording provided by Law 13.506, of 2017)

I - warning;

II - fine;

III - (REVOKED); (Wording provided by Law 13.506 of 2017)

IV - temporary disqualification, up to 20 (twenty) years, for occupying a position of administrator or fiscal councilor of a publicly held company, of an entity of the distribution system or of other entities that depend on authorization or registration with the Securities and Exchange Commission of Brazil, CVM; (Wording provided by Law 13.506 of 2017)

V - suspension of the authorization or registration for exercising the activities referred to in this Law;

VI - temporary disqualification, up to 20 (twenty) years, to carry out the activities referred to in this Law; (Wording provided by Law 13.506 of 2017)

VII - temporary ban, up to a maximum of 20 (twenty) years, from practicing certain activities or operations, for members of the distribution system or other entities that depend on authorization or registration with the Securities and Exchange Commission of Brazil, CVM; (Included by Law 9.457, of 05.05.1997)

VIII - temporary prohibition, up to 10 (ten) years, from acting, directly or indirectly, in one or more types of operation in the securities market. (Included by Law 9.457, of 05.05.1997)

§ 1. The penalty of fine must observe the principles of proportionality and reasonableness, the violator's economic capacity and the reasons that justify its imposition, and must not exceed the highest of the following: (Wording provided by Law 13.506, from 2017)

I - BRL 50,000,000.00 (fifty million reais); (Wording provided by Law 13.506 of 2017)

II – twice as much as the amount of the issue or irregular operation; (Wording provided by Law 13.506 of 2017)

III - 3 (three) times the amount of the economic advantage obtained or the loss avoided as a result of the illicit act; or (Wording provided by Law 13.506 of 2017)

IV – twice as much as the damage caused to investors as a result of the illicit act. (Wording provided by Law 13.506 of 2017)

§ 2. In the event of recidivism, a fine of up to three times the amounts established in § 1 of this article may be applied. (Wording provided by Law 13.506 of 2017)

§ 3. The penalties provided in items IV, V, VI, VII and VIII of the header of this article will only be applied in cases of serious violation, as defined by the rules of the Securities Commission, or in cases of recidivism. (Wording provided by Law 13,506 of 2017)

§ 4. The penalties will only be imposed in compliance with the procedure provided in § 2 of Article 9 of this Law and they may be appealed to the National Financial System Appeals Council. (Wording provided by Law 9.457, of 05.05.1997)

§ 5. The Securities and Exchange Commission of Brazil, CVM, after assessing the convenience and opportunity, with a view to serving the public interest, may decide not to initiate, or to suspend, at any phase that precedes the decision of the first instance, an administrative procedure intended to determine a violation provided in the legal and regulatory rules whose compliance it is responsible for monitoring, insofar the investigated person signs a settlement instrument committing to: (Wording provided by Law 13.506, of 2017)

I - cease the practice of activities or acts considered unlawful by the Securities and Exchange Commission of Brazil, CVM; and

II - correct the irregularities pointed out, including indemnifying the losses.

§ 6. The settlement referred to in the previous paragraph will neither imply a confession as to the matter of fact nor a recognition of the illegality of the analyzed conduct. (Included by Law 9.457, of 05.05.1997)

§ 7. The settlement instrument constitutes an extrajudicial enforceable title and shall be published on the website of the Securities and Exchange Commission of Brazil, CVM, with a breakdown of the deadlines for compliance with each agreed obligation. (Wording provided by Law 13,506 of 2017)

§ 8. Should the obligations not be fulfilled within the deadline, the Securities and Exchange Commission of Brazil, CVM, will proceed with the previously suspended administrative procedure, for the application of the appropriate penalties. (Included by Law 9.457, of 05.05.1997)

§ 9. Effective or subsequent repentance, as well as the circumstance of any person who spontaneously confesses to wrongdoing or provides material information, are factors that will be considered in the application of the penalties this Law establishes. (Included by Law 9.457, of 05.05.1997)

§ 10. The Securities and Exchange Commission of Brazil, CVM, shall regulate the application of the provisions of §§ 5 to-9 of this article to the procedures carried out by stock, commodities and futures exchanges, entities of the organized over-the-counter market and entities for clearing and settlement of securities transactions. (Wording provided by Decree 3.995, of 31.10.2001)

§ 11. The fine imposed for non-execution of an order from the Securities and Exchange Commission of Brazil, CVM, pursuant to item II of the header and item IV of § 1 of article 9 of this Law, regardless of the administrative proceed provided in item V of the header of Article 9 of this Law, shall not exceed, per day of delay, the greater of the following amounts: (Wording provided by Law 13.506, of 2017)

I - 1/1.000 (one thousandth) of the total, individual or consolidated, revenues of the economic group, accounted for in the year prior to the application of the fine; or (Included by Law 13.506 of 2017)

II - BRL 100,000.00 (one hundred thousand reais). (Included by Law 13.506 of 2017)

§ 12. The decision to apply the fine provided in § 11 of this article may be appealed to the Securities and Exchange Commission of Brazil, CVM, as a last resort and without suspending effect, within a period of 10 (ten) days, as established in internal regulations. (Wording provided by Law 14.317 of 2022)

§ 13. In addition to the penalties provided in the header of this article, the Securities and Exchange Commission of Brazil, CVM, may prohibit those accused from contracting with state-owned financial institutions for up to 5 (five) years, and from participating in bidding processes aimed at acquisitions, constructions, services and concessions of public services, within the scope of the federal, state, district and municipal public administrations. (Included by Law 13.506 of 2017)

§ 14. The credits arising from the defendant's conviction to pay compensation in a public civil action brought for the benefit of investors and other creditors of the defendant and the credits of the Credit Guarantee Fund (FGC) or other reimbursement mechanisms approved by the Central Bank of Brazil or by the Securities and Exchange Commission of Brazil, CVM, if any, take precedence over credits arising from the application of fines. (Included by Law 13.506 of 2017)

§ 15. In the event of bankruptcy, extrajudicial liquidation or any other form of concurrence of the convict's creditors, the credits of the Securities and Exchange Commission of Brazil, CVM, arising from the application of fines shall be subordinated. (Included by Law 13.506 of 2017)

Article 12. When the investigation, initiated in accordance with § 2 of Article 9, concludes that a crime of public action has occurred, the Securities and Exchange Commission of Brazil, CVM, will officiate to the Public Prosecutor's Office, for the filing of a criminal action.

Article 13. The Securities and Exchange Commission of Brazil, CVM, will maintain a service to carry out advisory or guidance activities with securities market agents or any investor.

Single paragraph. It is at the discretion of the Securities and Exchange Commission of Brazil, CVM, to disclose or not the answers to queries or guidance criteria.

Article 14. The Securities and Exchange Commission of Brazil, CVM, may provide for, in its budget, allocations of funds to stock, commodities and futures exchanges. (Wording provided by Law 10.303, of 31.10.2001)

## CHAPTER III

### The Distribution System

Article 15. The securities distribution system comprises:

I - financial institutions and other companies whose purpose is to distribute an issuance of securities:

a) as agents of the issuing company;

b) on their own account, subscribing to or buying an issue to place it on the market;

II - companies whose purpose is to purchase securities in circulation on the market, in order to resell them for their own account;

III - companies and investment advisors that carry out mediation activities in the trading of securities on stock exchanges or in the over-the-counter market; (Wording provided by Law 14.317 of 2022)

IV - the stock exchanges.

V - organized over-the-counter market entities. (Included by Law 9.457, of 05.05.1997)

VI - commodity brokerages, special operators, and commodity and futures exchanges; and (Wording provided by Law 10.303, of 31.10.2001)

VII - the entities for the clearing and settlement of transactions with securities. (Item included by Law 10.303, of 31.10.2001)

§ 1. It is incumbent upon the Securities and Exchange Commission of Brazil, CVM, to define: (Writing by Decree 3.995, of 31.10.2001)

I - the types of financial institutions that may carry out activities in the securities market, as well as the types of operations they may perform and the services they may provide in that market;

II - the specialization of operations or services to be observed by market companies, and the conditions under which they may combine types of operation or services.

§ 2. In relation to financial institutions and other companies authorized to simultaneously explore operations or services in the securities market and in markets subject to the supervision of the Central Bank of Brazil, the attributions of the Securities and Exchange Commission of Brazil, CVM, shall be limited to activities subject to this Law, and shall be exercised without prejudice to the attributions thereof.

§3. It is incumbent upon the National Monetary Council to regulate the provisions of the previous paragraph, ensuring the coordination of services between the Central Bank of Brazil and the Securities and Exchange Commission of Brazil, CVM.

Article 16. The exercise of the following activities depends on prior authorization from the Securities and Exchange Commission of Brazil, CVM,:

I - distribution of issuance on the market (Article 15, item I);

II - purchase of securities to resell them on their own account (Article 15, item II);

III - mediation or brokerage of transactions with securities; and (Wording provided by Law 10.411, of 26.02.2002)

IV - clearing and settlement of transactions with securities. (Wording provided by Law 10.411, of 26.02.2002)

Single paragraph. Only investment advisors and companies registered with the Commission may carry out the activity of mediation or brokerage of securities outside the stock exchange. (Wording provided by Law 14,317 of 2022)

Article 17. The stock, commodities and futures exchanges, the entities of the organized over-the-counter market and the entities providing clearing and settlement of transactions with securities will have administrative, financial and patrimonial autonomy, operating under the supervision of the Securities and Exchange Commission of Brazil, CVM. (Wording provided by Law 10.303, of 31.10.2001)

§ 1. As auxiliary bodies of the stock, commodities and futures exchanges, entities of the organized over-the-counter market and entities providing securities clearing and settlement with securities are responsible for inspecting their respective members and transactions with securities carried out therein. (Wording provided by Law 10.303, of 31.10.2001)

§ 2. (VETOED) (Paragraph included by Law 10.303, of 31.10.2001)

Article 17-A. (VETOED) (Article included by Law 10.303, of 31.10.2001)

Article 18. It is incumbent upon the Securities and Exchange Commission of Brazil, CVM: (Wording provided by Law 10.411, of 26.02.2002)

I - edit general rules on: (Wording provided by Law 10,411, of 2.26.2002)

a) conditions to obtain authorization or registration necessary to carry out the activities Article 16 provides for, and related administrative procedures; (Wording provided by Law 10.411, of 26.02.2002)

b) requirements of suitability, technical qualifications and financial capacity to be met by company managers and other persons operating in the securities market; (Wording provided by Law 10.411, of 26.02.2002)

c) conditions for the constitution and extinction of stock exchanges, entities of the organized over-the-counter market and entities providing securities clearing and settlement, legal form, management bodies and their completion; (Wording provided by Law 10.411, of 26.02.2002)

d) exercise of disciplinary power by exchanges and entities of the organized over-the-counter market, with regard to trading with securities, and by the entities providing securities clearing and settlement, over their members, imposition of penalties and cases of exclusion; (Wording provided by Law 10.411, of 26.02.2002)

e) number of brokerage firms that are members of the exchange; admission requirements or conditions regarding the suitability, financial capacity and technical qualification of their managers; and representation at the trading venue;

f) administration of stock exchanges, entities of the organized over-the-counter market and entities providing securities clearing and settlement; fees, commissions and any other costs charged by exchanges and by securities clearing and settlement entities or their members, as the case may be; (Wording provided by Law 10.411, of 26.02.2002)

g) conditions for carrying out forward operations;

h) conditions for the constitution and termination of commodities and futures exchanges, legal form, management bodies and their completion. (Wording provided by Law 10.411, of 26.02.2002)

II - define:

a) the types of operations authorized on the stock exchange and on the over-the-counter market; methods and practices that must be observed in the market; and responsibility of intermediaries in operations;

b) artificial conditions of demand, supply or price of securities, as well as price manipulation; fraudulent operations and unfair practices in the distribution or intermediation of securities;

c) rules applicable to the record of operations to be maintained by the entities of the distribution system (Article 15).

## CHAPTER IV

### Trading on the Market

#### SECTION I

##### Issuance and Distribution

Article 19. No public securities issuance will be distributed on the market without prior registration with the Commission.

§ 1. The sale, promise to sell, offer for sale or subscription, as well as the acceptance of an order for the sale or subscription of securities, when practiced by the issuing company, its founders or persons equivalent to it, are acts of distribution, subject to the rules of this article.

§ 2. The following are equivalent to the issuing company for the purposes of this article:

I - its controlling shareholder and the persons controlled by it;

II - the co-obligor in the securities;

III - the financial institutions and other companies referred to in Article 15, item I;

IV - whoever has subscribed securities or has acquired them from the issuing company, in order to place them on the market.

§ 3. A public securities offering is characterized by:

I - the use of lists or sales or subscription bulletins, brochures, prospectuses or advertisements intended for the public;

II - the search for underwriters or purchasers for the securities through employees, agents or brokers;

III - the negotiation carried out in a store, office or establishment open to the public, or with the use of public communication services.

§ 4. Public issuance may only be placed on the market through the system prescribed by Article 15, and the Commission may require the participation of a financial institution.

§ 5. It is incumbent upon the Commission to issue rules for the execution of the provisions of this article, being able to:

I - define other situations that constitute public issuance for registration purposes, as well as the cases in which it may be waived, in view of the interest of the investing public;

II - establish the registration procedure and specify the information to be provided with the registration request, including on:

a) the issuing company, the undertakings or activities that it explores or intends to explore, its economic and financial situation, management and main shareholders;

b) the characteristics of the issuance and how funds raised from it will be invested;

c) the seller of the securities, if any;

d) the distribution participants, their remuneration and their relationship with the issuing company or with the seller.

§ 6. The Commission may make the registration subject to the minimum capital of the issuing company and a minimum amount of the issuance, as well as to the disclosure of the information it deems necessary to protect the interests of the investing public.

§ 7. A prospectus, as well as any other documents to be published or disclosed, for the offering, advertisement or its promotion will accompany the registration request.

Article 20. The Commission will order the suspension of the issuance or distribution that is taking place in disagreement with the previous article, particularly when:

I - the issuance has been deemed fraudulent or illegal, even after registration has been granted;

II - the offer, launch, promotion or advertisement of securities has been made under conditions different from those contained in the registration, or with the disclosure of false or substantially inaccurate information.

## SECTION II

### Trading on the Stock Exchange and Over-the-Counter Market

Article 21. The Securities and Exchange Commission of Brazil, CVM, will maintain, in addition to the registration referred to in Article 19:

I - registration for trading on the stock exchange;

~~II - registration for over-the-counter trading.~~

II - registration for trading on the over-the-counter market, whether organized or not. (Wording provided by Law 9.457, of 05.05.1997)

§ 1. Only securities issued by a company registered under the terms of this article may be traded on the stock exchange and over-the-counter market.

~~§ 2 - The registration of Article 19 imports registration for the over-the-counter market, but not for the stock exchange.~~

§ 2. The registration mentioned in Article 19 means a registration for the over-the-counter market, but not for the exchange or organized over-the-counter market entity. (Wording provided by Law 9.457, of 05.05.1997)

§ 3. Non-organized over-the-counter market activities are those carried out with the participation of the firms or professionals indicated in Article 15, items I, II and III, or at their premises, excluding operations carried out on stock exchanges or in systems managed by organized over-the-counter entities. (Wording provided by Law 9.457, of 05.05.1997)

§ 4. Stock exchanges or organized over-the-counter market entities may establish its own requirements for securities to be admitted to trading on its premises or systems, subject to prior approval by the Securities and Exchange Commission of Brazil, CVM. (Wording provided by Law 9.457, of 05.05.1997)

§ 5. The organized over-the-counter market will be managed by entities whose operation will depend on previous authorization from the Securities and Exchange Commission of Brazil, CVM, which will issue general rules on: (Wording provided by Law 9,457, of 05.05.1997)



I - constitution and termination conditions, legal form, administrative bodies and their completion; (Wording provided by Law 9,457, of 05.05.1997)

II - exercise of disciplinary power by the entities, over their participants or members, imposition of penalties and cases of exclusion; (Wording provided by Law 9,457, of 05.05.1997)

III - admission requirements or conditions as to the suitability, financial capacity and technical qualification of administrators and representatives of participating societies or members; (Wording provided by Law 9,457, of 05.05.1997)

IV - administration of entities, fees, commissions and any other costs charged by entities or their participants or members, when applicable. (Wording provided by Law 9,457, of 05.05.1997)

§ 6. It is incumbent upon the Commission to issue rules for the execution of the provisions of this article, specifying:

I - cases in which registration may be waived, refused, suspended or cancelled;

II - information and documents that must be presented by the company to obtain the registration, and its procedure.

III - cases in which securities may be traded simultaneously on the stock exchange and over-the-counter markets, organized or not. (Included by Law 9.457, of 05.05.1997)

Article 21-A. The Securities and Exchange Commission of Brazil, CVM, may issue rules applicable to the nature of the minimum information and the frequency of its presentation by any person who has access to material information. (Article included by Decree 3.995, of 31.10.2001)

## CHAPTER V

### Publicly held companies

Article 22. A company whose securities are admitted to trading on the stock exchange or over-the-counter market is considered publicly held.

§ 1. It is incumbent upon the Securities and Exchange Commission of Brazil, CVM, to issue rules applicable to publicly held companies on: (Wording provided by Decree 3.995, of 31.10.2001)

I - the nature of the information to be disclosed and the frequency of disclosure; (Wording provided by Decree 3.995, of 31.10.2001)

II - management report and financial statements; (Wording provided by Decree 3.995, of 31.10.2001)

III - the purchase of shares issued by the company itself and the sale of treasury shares; (Wording provided by Decree 3.995, of 31.10.2001)

IV - accounting standards, reports and opinions of independent auditors; (Wording provided by Decree 3.995, of 31.10.2001)

V - information that must be provided by managers, members of the fiscal council, controlling and minority shareholders, regarding the purchase, exchange or sale of securities issued by the company and by controlled or parent companies; (Wording provided by Decree 3.995, of 31.10.2001)

VI - the disclosure of resolutions of the stockholder general meeting and of the management bodies of the company, or of material events that occurred in its business, which may influence considerably the decision of market investors to sell or buy securities issued by the company; (Wording provided by Decree 3.995, of 31.10.2001)

VII - the holding, by publicly held companies listed on the stock exchange or on the organized over-the-counter market, of annual meetings with their shareholders and securities market agents, at the venue where the company's securities are most traded in the previous year, in order to disclose information regarding the respective economic-financial situation, projections of results and response to the clarifications that are requested; (Wording provided by Decree 3.995, of 31.10.2001)

VIII - other matters provided by law. (Wording provided by Decree 3.995, of 31.10.2001)

§ 2. The rules issued by the Securities and Exchange Commission of Brazil, CVM, in relation to the provisions of items II and IV of § 1 apply to financial institutions and other entities authorized to operate by the Central Bank of Brazil, insofar as they do not conflict with rules issued by the latter. (Wording provided by Decree 3.995, of 31.10.2001)

## CHAPTER VI

### Portfolio Management and Securities Custody

Article 23. The professional practice of managing third parties' securities portfolios is subject to prior authorization by the Commission.

§ 1. The provisions of this article apply to professional management and to funds or securities delivered to the administrator authorizing for the latter to buy or sell securities on behalf of the investor.

§ 2. It is incumbent upon the Commission to set forth the rules managers should comply with regarding portfolio management and their remuneration, in compliance with the provisions of Article 8 item IV.

Article 24. The provision of securities custody services is subject to the prior authorization of the Securities and Exchange Commission of Brazil, CVM. (Wording provided by Law 14.430 of 2022)

Single paragraph. Securities custody is considered the deposit for safekeeping, receipt of dividends and bonuses, redemption, amortization or reimbursement, and exercise of subscription rights, without the depositary having powers, unless expressly authorized by the depositor in each case, to dispose of deposited securities or reapply the amounts received.

Article 25. Unless expressly mandated with a term not exceeding one year, the portfolio manager and the securities depositary cannot exercise voting rights that pertains to the shares under their management or custody.

## CHAPTER VII

### Independent Auditors, Consultants and Securities Analysts

Article 26. Only audit firms or independent auditors registered with the Securities and Exchange Commission of Brazil, CVM, may audit, for the purposes of this Law, the financial statements of publicly held companies and of institutions or firms or that are part of the securities distribution and intermediation system.

§ 1. The Securities and Exchange Commission of Brazil, CVM will set forth the conditions for the registration and related procedure, and will define the cases in which it can be refused, suspended or cancelled.

§ 2. The audit firms or independent auditors will be civilly liable for the damages they cause to third parties due to negligence or willful misconduct in the exercise of the functions this article provides for.

§ 3. Without prejudice to the provisions of the preceding paragraph, audit firms or independent auditors will be administratively liable, before the Central Bank of Brazil, for the acts practiced or omissions that they have incurred in the performance of auditing activities of financial institutions and other institutions authorized to operate by the latter. (Included by Law 9,447, 14.03.1997)

§ 4. (Revoked by Law 13,506 of 2017)

§ 5. (VETOED) (Paragraph included by Law 10.303, of 31.10.2001)

Article 27. The Securities and Exchange Commission of Brazil, CVM, may establish rules on the activities of securities consultants and analysts.

## CHAPTER VII-A

ACCOUNTING STANDARDS COMMITTEE  
(Included by Law 10.303, of 31.10.2001)

Article 27-A. (VETOED) (Article included by Law 10.303, of 31.10.2001)

Article 27-B. (VETOED) (Article included by Law 10.303, of 31.10.2001)

CHAPTER VII-B

CRIMES AGAINST THE CAPITAL MARKET  
(Included by Law 10.303, of 31.10.2001)

Market Manipulation (Included by Law 10.303, of 31.10.2001)

Article 27-C. Carry out simulated operations or perform other fraudulent manipulation aimed at raising, maintaining or lowering the quotation, price or trading volume of a security, in order to obtain undue advantage or profit, for oneself or for others, or to cause damage to third parties: (Wording provided by Law 13.506 of 2017)

Penalty – detention, from 1 (one) to 8 (eight) years, and a fine of up to 3 (three) times the amount of the illicit advantage obtained as a result of the crime. (Included by Law 10.303, of 31.10.2001)

Misuse of Privileged Information (Included by Law 10.303, of 31.10.2001)

Article 27-D. To use relevant information not yet disclosed to the market, which one may know and which must remain confidential, so as to create undue advantages, for oneself or others, through the negotiation of securities, in one's behalf or on behalf of others: (Wording provided by Law 13.506, from 2017)

Penalty – detention, from 1 (one) to 5 (five) years, and a fine of up to 3 (three) times the amount of the undue advantage obtained as a result of the crime. (Included by Law 10.303, of 31.10.2001)

§ 1. The same penalty applies to those who pass on confidential information relating to a material event to which they have had access due to their position or position in a securities issuer or due to a commercial, professional or trusting relationship with the issuer. (Included by Law 13,506 of 2017)

§ 2. The penalty increases 1/3 (one third) if the agents commit the crime provided for in the header of this article using relevant information of which they have knowledge and which must be kept confidential. (Included by Law 13,506 of 2017)

Irregular Exercise of Position, Profession, Activity or Function (Included by Law 10.303, of 31.10.2001)

Article 27-E. To exercise, even if free of charge, in the securities market, the activity of portfolio manager, investment advisor, independent auditor, securities analyst, trustee or any other position, profession, activity or function, without being, for this purpose, authorized or registered with the competent administrative authority, when required by law or regulation: (Wording provided by Law 14.317, of 2022)

Penalty – detention from 6 (six) months to 2 (two) years, and fine. (Included by Law 10.303, of 31.10.2001)

Article 27-F. The fines imposed for the crimes provided for in arts. 27-C and 27-D shall be applied due to the damage caused or the unlawful advantage obtained by the agent. (Article included by Law 10.303, of 31.10.2001)

Single paragraph. In cases of recidivism, the fine may be up to three times as much as the amounts set out in this article. (Paragraph included by Law 10.303, of 31.10.2001)

## CHAPTER VIII

### Final and Transitional Provisions

Article 28. The Central Bank of Brazil, the Securities and Exchange Commission of Brazil, CVM, the Complementary Pension Department, the Federal Revenue Service and the Superintendence of Private Insurance will maintain a system for exchanging information regarding the inspections they carry out, in the areas of their respective competences, in the securities market. (Wording provided by Law 10.303, of 31.10.2001)

Single paragraph. The duty to keep confidential information obtained through the exercise of supervisory power by the entities referred to in the header cannot be invoked as an impediment to the exchange referred to in this article. (Paragraph included by Law 10.303, of 31.10.2001)

Article 29. (Revoked by Law 10.303, of 31.10.2001)

Article 30. (Revoked by Law 10.303, of 31.10.2001)

Article 31. In any legal proceedings or actions regarding matters included under the authority of the Securities and Exchange Commission of Brazil, CVM, the latter shall always be notified and be given the opportunity to submit an opinion or render explanations within a period of fifteen days of the date of the notice.

§ 1. The notification will be made, immediately after the answer, by warrant or by letter with acknowledgment of receipt, according to whether or not the Securities and Exchange Commission of Brazil, CVM, has its headquarters or representation in the district where the action has been filed. (Included by Law 6,616, of 12.16.1978)

§ 2. Whenever the Securities and Exchange Commission of Brazil, CVM, offers an opinion or provides clarification, it will be notified of all subsequent procedural acts, by the official journal that publishes forensic files or by letter with acknowledgment of receipt, pursuant to the previous paragraph. (Included by Law 6,616, of 12.16.1978)

§ 3. The Securities and Exchange Commission of Brazil, CVM, is provided with legitimacy to file appeals, when the parties have not done so. (Included by Law 6,616, of 12.16.1978)

§ 4. The period for the effects of the previous paragraph will begin to run, regardless of a new subpoena, on the day immediately following the day on which the period of the parties ends. (Included by Law 6,616, of 12.16.1978)

Article 32 - The fines imposed by the Securities and Exchange Commission of Brazil, CVM, after the final decision that imposed them at the administrative sphere, will be enforceable and will be collected judicially, in accordance with the procedure established by the Code of Civil Procedure for the enforcement process. (Included by Law 6,616, of 12.16.1978)

Article 33. Revoked by Law 9,873.

Article 34. This Law will enter into force on the date of its publication. (Renumbered from art 33, by Law 9,457, 5.5.1997)

Article 35. Provisions to the contrary are hereby revoked. (Renumbered from art 34, by Law 9,457, 5.5.1997)

Brasilia, 7 December 1976; 155th of Independence and 88th of the Republic.

ERNESTO GEISEL  
*João Paulo dos Reis Velloso*  
*Mário Henrique Simonsen*