CORPORATE & CAPITAL MARKETS

CLIENT ALERT

MARCH/2020

EXTENSION OF THE TERMS FOR HOLDING THE ANNUAL SHAREHOLDERS' GENERAL MEETING AND OTHER PROVISIONS

On March 30, 2020, the Provisional Measure No. 931 ("PM") was published amending Law No. 6,404/76 ("Corporations Law") and other legal provisions related to limited liability companies (*sociedades limitadas*), seeking to minimize the impacts of the temporary closure of the Commercial Registries and constraints on companies' activities due to the Covid-19 pandemic.

Listed below is a summary of the main innovations brought by the PM.

1. Corporations (*Sociedades anônimas*)

The PM amended the Corporations Law and established corporate rules for the year 2020 in order to:

i. Extend the term for holding the Annual Shareholders' General Meeting ("AGO") of 2020 to seven (7) months after the end of the company's previous fiscal year. Those contractual provisions that may require the AGO to be held prior to the extended period established in the PM must be considered null and void for the fiscal year of 2020;

ii. Consequently extend the term to publish the documents related to the AGO (including the administrators' report and the financial statements);

iii. Automatically extend the terms of office of Executive Officers, Directors, Fiscal Council's members and any other Statutory Committees' members that would otherwise expire before the AGO of the present year, until the first Shareholders' Meeting or the first Board of Directors Meeting, as applicable, is held;

iv. The provisions related herein to the extension of the terms for holding the AGO shall apply to state owned corporations (*empresas públicas* and *sociedades de economia mista*) and any of their affiliates;

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v. Authorize the Board of Directors, if any, or the Board of Executive Officers of corporations (*sociedades anônimas*) to declare dividends, regardless of any amendments to the corporations' Bylaws;

vi. Implicitly acknowledge the Covid-19 pandemic as an event of force majeure, which authorizes shareholders' meetings to be held in a distinct location from the company's headquarters;

vii. In respect to closely-held corporations (*sociedades anônimas de capital fechado*), authorize the remote participation and voting by their shareholders, according to the provisions to be regulated by the DREI; and

viii. Authorize the Board of Directors to deliberate, ad referendum of the shareholder's meeting, urgent matters, except if the corporation's bylaws provide otherwise.

Additionally, the PM also authorizes the CVM to, by means of its regulation:

a) Temporarily extend the terms set forth in the Corporations Law applicable to individuals and entities subject to CVM's regulations, including the term for publishing the financial statements; and

b) Authorize that publicly-held corporations hold entirely virtual Shareholders' General Meetings.

2. Limited Liability Companies (*sociedades limitadas*)

In respect to limited liability companies (*sociedades limitadas*), the term for holding the quotaholders' annual meeting was also extended this year for seven months counted as of the end of the company's fiscal year. As enacted for the corporations, any contractual provision that may require annual meetings to be held prior to the period established in the PM shall be considered null and void for the fiscal year of 2020. It also established the automatic extension of the terms of office of administrators until the quotaholders' annual meeting of this year.

Additionally, the single quotaholder limited liability entities ("EIRELI"), shall allow the remote participation and voting by the quotaholder of the EIRELI.

The PM also amended some Cooperatives' regulation, extending the terms for holding the quotaholders' annual meeting and the terms of office of their administrators, as well as providing for quotaholders' remote participation and voting in meetings.

3. Further Provisions

During the restriction of the Commercial Registries' ordinary business due to the Covid-19 pandemic, the 30-day period to file corporate acts in order to retroact the effects of the registry thereof, pursuant to Article 36 of Law No. 8,934, shall be counted as of the date on which the respective Commercial Registry reestablishes its services, on a regular manner.

For this purpose, any requirement of prior filing of an act to perform issuances of securities and similar legal transactions is suspended as of March 1st, 2020. Notwithstanding, the respective act shall be filed with the corresponding Commercial Registry within 30 (thirty) days counted as of the reestablishment of its services.

The PM entered in force on the day of its publication (March 30, 2020).

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