

# COUNTRY GUIDE – Brazil

(20 December 2013, updated in April 2014)

**Important notes:** *This guide does not override the Rules and is not a substitute for legal, regulatory, tax, financial or any other advice from qualified professional advisers. If there is any conflict or inconsistency between this guide and the Rules, the Rules prevail. You may consult the Listing Division on a confidential basis for an interpretation of the Rules, or this guide.*

*The information contained in this guide on foreign laws, regulations and market practices is based on that provided to us by potential listing applicants, listing applicants, listed issuers or their respective advisers or officials from the relevant jurisdiction. We have not separately verified this information nor have we updated this information since its receipt. We will revise this guide to reflect changes in this information only when notified of these changes.*

***A new applicant for listing that is incorporated in Brazil must confirm to the Exchange, with its initial application for listing, that the Brazilian laws, regulations and market practices contained in this guide are still applicable, or provide us with details of any changes, and inform us of any other Brazilian laws, regulations and market practices that are relevant to its circumstances.***

## **Purpose of this Guide**

This guide is one of a series that gives guidance on our treatment of listing applications from overseas issuers incorporated in a particular jurisdiction. The aim of this guide is to enhance applicants' understanding of our expectations, practices, procedures and the criteria we consider when applying the Rules for overseas issuers.

**This guide should be read in conjunction with the Joint Policy Statement Regarding Listing of Overseas Companies (27 September 2013)<sup>1</sup>. All issuers incorporated in Brazil can apply for one or more “common waivers” and those with, or seeking, a secondary listing<sup>2</sup> do not need to apply for waivers of certain Rules which are automatically waived for them<sup>3</sup>.**

### **Summary of our Approach**

Subject to Brazil incorporated companies meeting the conditions set out in this guide, we do not consider Brazilian shareholder protection standards to be materially different to our own.

We will consider a listing of depositary receipts on the Exchange for Brazilian incorporated companies.

Brazil meets our international regulatory co-operation requirements because it already has adequate measures in place with Hong Kong's Securities and Futures Commission.

We expect a Brazilian issuer to prominently and fully disclose in its listing document details of the Brazilian taxation regime and how it is applicable to Hong Kong Depositary Receipt holders, including withholding tax on dividends, tax on gains from sales of securities, inheritance and gift taxes.

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<sup>1</sup> Available on the HKEx website at:  
[http://www.hkex.com.hk/eng/rulesreg/listrules/listsptop/listoc/Documents/new\\_jps\\_0927.pdf](http://www.hkex.com.hk/eng/rulesreg/listrules/listsptop/listoc/Documents/new_jps_0927.pdf)

<sup>2</sup> JPS, Section 5.

<sup>3</sup> JPS, paragraph 88.

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## **1. Background**

- 1.1 The Brazilian equivalent to the Hong Kong Companies Ordinance (Cap. 622) and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) is the Brazilian Corporations Law (Federal Law No. 6.404/76), which sets requirements for Brazil incorporated companies. Public companies in Brazil must also comply with the rules and regulations issued by the São Paulo Stock Exchange (“**BM&FBOVESPA**”) and Comissão de Valores Mobiliários (Brazilian Securities and Exchange Commission) (“**CVM**”, and the rules “**CVM Rules**”). CVM is the statutory securities regulator in Brazil (Updated in April 2014).

## **2. Application of this Country Guide**

- 2.1 This Country Guide applies to primary and secondary Main Board listing applicants and primary GEM listing applicants incorporated in Brazil. We do not accept applications for secondary listing on GEM.

## **3. International Regulatory Co-operation Measures**

- 3.1 Our Joint Policy Statement Regarding the Listing of Overseas Companies (27 September 2013) (“**JPS**”) states that the statutory securities regulator of an overseas issuer’s jurisdiction of incorporation must have adequate arrangements with the Securities and Futures Commission (“**SFC**”) for regulatory co-operation<sup>4</sup>. This requirement is met for issuers incorporated in Brazil as the CVM is a full signatory of the IOSCO MMOU<sup>5</sup>. In addition, the CVM has signed a Memorandum of Understanding to promote mutual assistance and the exchange of information with the SFC<sup>6</sup>.
- 3.2 If a listing applicant is incorporated in Brazil but its place of central management and control<sup>7</sup> is elsewhere, similar international co-operation arrangements must generally also be in place with that jurisdiction.

## **4. JPS Shareholder Protection Standards**

- 4.1 Subject to Brazil incorporated issuers demonstrating<sup>8</sup> how their practices, as set out below, conform to the JPS requirements, we do not consider Brazilian

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<sup>4</sup> JPS, paragraphs 42 to 44.

<sup>5</sup> International Organisation of Securities Commission’s Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information

<sup>6</sup> [http://www.sfc.hk/web/doc/EN/aboutsfc/cooperation/brazil\\_970530.pdf](http://www.sfc.hk/web/doc/EN/aboutsfc/cooperation/brazil_970530.pdf)

<sup>7</sup> JPS, paragraph 45.

<sup>8</sup> We list the key shareholder protection standards with which applicants must demonstrate equivalence in Section 1 of the JPS.

shareholder protection standards to be materially different to our own<sup>9</sup>. We have set out below details of the differences between these practices and the JPS requirements, save for ‘Right to speak and vote at general meetings’, since this is a new JPS requirement and we have not yet received any submissions describing the differences. Where we have in the past accepted a practice, we have stated this below.

### ***Appointment of auditors***

- 4.2 Under the JPS, the appointment, removal and remuneration of auditors must be approved by a majority of an overseas company’s members or other body that is independent of the board of directors<sup>10</sup>. Under Brazilian law, these functions relating to auditors are conferred to the board of directors.

In a previous case involving a Brazil incorporated issuer, we accepted the issuer’s constitutional document which provided that the board of directors be responsible for appointing and removing external auditors of the company based on the recommendation of the issuer’s fiscal council (“**Fiscal Council**”) which is a body established under Brazilian law to monitor the activities of the executive management, review financial statements and report to members of its findings. Members of the Fiscal Council of a Brazilian company must meet certain eligibility requirements<sup>11</sup>, including that no member can also be a director of the company or serve as a member of Fiscal Council, or any advisory committee of the company’s competitor unless a waiver is obtained from company’s members in a general meeting.

### ***Proceedings at general meetings***

- 4.3 Notice of general meetings: Under the JPS, an overseas company must give its members reasonable written notice of general meetings<sup>12</sup>. Under Brazilian law, a general meeting of public companies must be called at least 15 days prior to the day of the meeting.

In determining the “reasonableness” of the notice period for general meetings, the Exchange will take into consideration (i) the provisions under the Hong Kong Companies Ordinance (Cap. 622) and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) as from time to time in force as applicable to Hong Kong incorporated companies, (ii) the shareholding structure of the company, and (iii) company and transaction specific facts and circumstances (Updated in April 2014).

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<sup>9</sup> Notes to Main Board Rules 19.05(1) and 19.30(1) and JPS, paragraphs 27 and 28.

<sup>10</sup> JPS, paragraph 35.

<sup>11</sup> Listing Document of Vale dated 2 December 2010, pages 222 and 223.

<sup>12</sup> JPS, paragraph 37.

The Exchange has previously accepted an undertaking from a Brazil incorporated issuer that for so long as its depositary receipts are listed on the Exchange the notice of call of a general meeting will be given at least 30 days prior to the date of any general meeting, and at least 15 days for any adjourned general meeting.

- 4.4 **Right to speak and vote at general meetings**: The JPS requires that all members must have the right to speak and vote at a general meeting, except in cases where members having a material interest in a transaction or arrangement are required, by the Rules, to abstain from voting to approve the transaction or arrangement<sup>13</sup>. Brazil incorporated applicants must address whether they are able to comply with this requirement, which may necessitate an amendment to their constitutional documents.

## **5. Practical and Operational Matters**

- 5.1 Reference is made to Section 4 of the JPS which contains guidance on an overseas issuer's ability to comply with Hong Kong's rules and regulations; the eligibility of securities; cross-border clearing and settlement; Hong Kong depositary receipts ("**HDRs**"); taxation; and stock name identifications. Applicants are encouraged to notify the Listing Division if they envisage difficulties in complying with such matters, where applicable.

### ***HDRs***

- 5.2 Securities and other financial assets held by foreign investors pursuant to Resolution No. 2,689/2000 must be registered or maintained in deposit accounts or under the custody of an entity duly licensed by the Central Bank of Brazil or CVM. In addition, securities' trading is restricted to transactions carried out on stock exchanges or through organised over-the-counter markets licensed by CVM. The transfer or assignment of securities or other financial assets held by foreign investors pursuant to Resolution No. 2,689/2000 out of a stock exchange or an organised over-the-counter market in Brazil is prohibited, except for transfers resulting from a corporate reorganisation, or occurring upon the death of an investor by operation of law or will.

### **Our Approach**

- 5.3 We will consider a Brazil incorporated company listing its interests in shares by way of depositary receipts on the Exchange.

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<sup>13</sup> JPS, paragraph 38.

### ***Identity of Members' Proxies at General Meetings***

- 5.4 The JPS states that an overseas issuer must notify the Exchange of any restrictions on a Hong Kong investor's right to attend general meetings and to vote and/or to appoint proxies<sup>14</sup>.
- 5.5 Although Brazilian law provides that any person with the right to vote may appoint a proxy to attend general meetings, the identity of proxies for a public company must be a shareholder, a manager (director or executive officer) of the company, an attorney-at-law registered with the Brazilian Bar Association, or a financial institution.

#### Our Approach

- 5.6 We do not consider this difference in requirements under Brazilian law to be material to shareholder protection. However, the restriction on the identity of the proxies must be set out in the listing document.

## **6. Constitutional Documents**

- 6.1 Brazilian laws and regulations do not have equivalent provisions for all of our Rules on the contents of constitutional documents<sup>15</sup>. We set out in the Appendix our approach on each of the items required to be included in a Brazil incorporated issuer's constitutional documents in order for it to meet our requirements.

## **7. Audit Committee**

- 7.1 The Rules set out requirements for the establishment, role and responsibilities of an issuer's audit committee comprising non-executive directors only ("NEDs"), one of which must be an independent non-executive director ("INEDs")<sup>16</sup>.
- 7.2 Under Brazilian law, there is no equivalent concept of NEDs, and a company is not required under Brazilian law and CVM Rules to appoint INEDs.
- 7.3 Under Brazilian law, a public company must have a Fiscal Council<sup>17</sup> to assist the board of directors by providing opinions on specific matters. Members of the Fiscal Council may perform the functions expected of INEDs under the Rules except for:

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<sup>14</sup> JPS, paragraph 70(f).

<sup>15</sup> Appendix 3 to the Main Board Rules.

<sup>16</sup> Main Board Rules 3.21 to 3.23.

<sup>17</sup> See paragraph 4.2 above.

- (a) approving auditors' remuneration and terms of engagement under paragraph C.3.3 under Appendix 14 to the Main Board Rules which is required to be performed by the board of directors under Brazilian law; and
- (b) performing the role of remuneration committee under paragraph B.1 under Appendix 14 to the Main Board Rules. Under Brazilian law, the total amount of remuneration payable to directors, executive officers and technical and advisory committees and the Fiscal Council would require shareholders' approval in an annual general meeting, which is considered more onerous than the Rules.

### Our Approach

- 7.4 We are prepared to waive for Brazil incorporated companies the requirement for INEDs under Main Board Rule 3.10, and for the formation of an audit committee comprising NEDs only under Main Board Rule 3.21. This is on the condition that:
- (a) the company will have three members of its Fiscal Council who are able to meet the independence requirements under Main Board Rule 3.13 for INEDs. At least one of them will have appropriate professional qualifications or accounting or related financial management expertise as required of INEDs under Main Board Rule 3.10(2). The company must also undertake that, going forward, the Fiscal Council will be chaired by a member who will comply with the independence requirements under Rule 3.13; and
  - (b) the Fiscal Council will assume and perform all duties and obligations required to be performed by INEDs under the Rules except for those set out in paragraph 7.3.

## **8. Accounting and Auditing Related Requirements**

- 8.1 We normally require the accountants' reports and financial statements of overseas issuers seeking a primary or secondary listing to conform to the Hong Kong Financial Reporting Standards or the International Financial Reporting Standards<sup>18</sup>.

## **9. Taxation**

- 9.1 We understand that there are Brazilian tax implications in relation to:

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<sup>18</sup> Main Board Rules 4.11 to 4.13, 19.13, 19.39 and Notes 2.1 and 2.4 to paragraph 2 of Appendix 16. See also JPS, paragraphs 56 to 62.



- (a) distribution of amounts to a depositary who holds the preferred and common shares which the HDRs represent;
- (b) the acquisition, ownership and gains on disposition of HDRs;
- (c) the deposit of those preferred and common shares in exchange for HDRs;
- (d) the withdrawal of HDRs in exchange for those preferred and common shares; and
- (e) gains in relation to the disposition of those preferred and common shares (in case the HDRs are exchanged for those preferred and common shares).

9.2 We expect a Brazilian issuer to prominently disclose the following in its listing document:

- (a) the rate of tax investors in its securities will have to pay. This disclosure must break down the tax payable by the relevant factors that affect the tax rate (e.g. residence in Brazil, percentage of share capital owned, timing of dividend payment, corporate or individual shareholding etc.);
- (b) details of any treaty between Brazil and Hong Kong that may affect the tax payable;
- (c) the effect of holding the issuer's shares or HDRs through CCASS or outside CCASS on any tax payable; and
- (d) the procedures for claiming any tax relief or exemptions.

9.3 We expect appropriate disclosure of taxation in the section summarising Brazilian laws and regulations.

*Please note the important notes on the front page of this country guide regarding Brazilian laws, regulations and practices.*

**Our Approach to Differences between Our Constitutional Document Requirements and Brazilian Laws, Rules and Practices**

<b>Rule Paragraph</b>	<b>Rule Requirement</b>	<b>Brazilian Laws, Regulations and Practice</b>	<b>Our Approach</b>
Appendix 3, 1(1)	Transfers and other documents relating to or affecting the title to any registered securities shall be registered and where any fee or fees is/are charged, such fee or fees shall not exceed the maximum fees prescribed by the Exchange for time to time in the Rules.	<p>The requirement for registration of transfer of the legal ownership in the shares of a Brazil incorporated company is imposed by the Brazilian law, it is not necessary for such a requirement to be incorporated into constitutional documents.</p> <p>There is no prescribed fee payable on registration of transfer of shares under the Brazilian law.</p>	<p>We considered that the Brazil statutory obligations have a substantially similar effect as the relevant requirement in Appendix 3.</p> <p>In a previous case, a Brazil incorporated did not charge any fee for registration of any such transfer.</p> <p>A waiver of this articles provision was granted.</p> <p>Under the JPS, an eligible secondary listing applicant is entitled to an “automatic waiver” for this item.</p>

**APPENDIX**

*Please note the important notes on the front page of this country guide regarding Brazilian laws, regulations and practices.*

<b>Rule Paragraph</b>	<b>Rule Requirement</b>	<b>Brazilian Laws, Regulations and Practice</b>	<b>Our Approach</b>
Appendix 3, 1(2)	Fully-paid shares shall be free from any restriction on the right of transfer (except when permitted by the Exchange) and shall also be free from all lien.	Brazilian law provides that shares admitted to public trading on BM&FBOVESPA must be free from all liens.	We considered that the Brazil statutory obligations have a substantially similar effect as the relevant requirement in Appendix 3. A waiver of this articles provision was granted.  Under the JPS, an eligible secondary listing applicant is entitled to an “automatic waiver” for this item.
Appendix 3, 2(1)	All certificates for capital shall be under seal, which shall only be affixed with the authority of the directors.	Under Brazilian law, the shares of a Brazil incorporated company are in scripless and book-entry form which do not require share certificates to be issued.	The Brazil scripless system complies with the principle of the Rule requirement. A waiver of this articles provision was granted to a Brazil incorporated company who issued HDRs on the Exchange.  Under the JPS, an eligible secondary listing applicant is entitled to an “automatic waiver” for this item.
Appendix 3, 3(1)	Any amount paid up in advance of calls on any share may carry interest but shall not entitle the holder of the share to participate in respect thereof in a dividend	Brazilian law requires dividends to be paid to persons appearing as shareholders in the company’s register of members on the date of approval of the profit distribution,	We considered that the difference in laws was immaterial in the specific case where a Brazil incorporated applicant did not have partly paid up shares. A waiver of

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<b>Rule Paragraph</b>	<b>Rule Requirement</b>	<b>Brazilian Laws, Regulations and Practice</b>	<b>Our Approach</b>
	subsequently declared.	whether or not their shares have been fully paid-up. It would be inconsistent with Brazilian law to adopt the requirements of paragraph 3(1) of Appendix 3.	this articles provision was granted.  Under the JPS, an eligible secondary listing applicant is entitled to an “automatic waiver” for this item.
Appendix 3, 3(2)	Where power is taken to forfeit unclaimed dividends, that power shall not be exercised until six years or more after the date of declaration of the dividend.	Under Brazilian law, unclaimed dividend will be forfeited three years after the date on which such dividends were declared. It would be inconsistent with Brazilian law to adopt the requirements of paragraph 3(2) of Appendix 3.	We considered that the difference in laws was immaterial with regards to shareholders protection. A waiver of this articles provision was granted.  Under the JPS, an eligible secondary listing applicant is entitled to an “automatic waiver” for this item.
Appendix 3, 4(1)	A director must not vote on any board resolution in which he or any of his associates has a material interest and must not be counted in the quorum of the board meeting.	Brazilian law provides that directors or officers must refrain from taking part (or by any means intervene) in any resolution or action relating to any matter in which they have any conflicting interest.	We considered that the Brazil statutory obligations have a substantially similar effect as the relevant requirement in Appendix 3. A waiver of this articles provision was granted.  Under the JPS, an eligible secondary listing applicant is entitled to an “automatic waiver” for this item.

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Appendix 3, 4(3)	Where not otherwise provided by law, the issuer in general meeting shall have power by ordinary resolution to remove any director (including a managing or other executive director, but without prejudice to any claim for damages under any contract) before the expiration of his period of office.	<p>While the holders of common shares have full voting rights with respect to the election and removal of the directors, Brazilian law provides for non-controlling common and preferred shareholders of a specified percentage shareholding as well as employees, each as a group, the right to appoint and remove one director.</p> <p>Hence, a general power to remove any director by ordinary resolution in a general meeting would be inconsistent with the requirements of Brazilian law given the share structure of a Brazilian applicant who has dual class share structure.</p>	<p>We considered that the difference in laws was immaterial with regards to shareholders protection. A waiver of this articles provision was granted.</p> <p>Under the JPS, no “automatic waiver” is available to a secondary listing applicant for this item.</p>
Appendix 3, 4(4) and (5)	(4) The minimum length of the period, during which notice to the issuer of the intention to propose a person for election as a director and during which notice to the issuer by such person of his willingness to be elected may be given, will be at least seven days.	<p>Brazilian law does not provide for any minimum length of notice to be given to the company regarding nomination of directors, which is a right given to the shareholders of common shares and preferred shares under Brazilian law.</p> <p>Brazilian law provides that non-controlling holders of common and preferred</p>	<p>We considered that the difference in laws was immaterial with regards to shareholders protection. A waiver of this articles provision was granted.</p> <p>Under the JPS, an eligible secondary listing applicant is entitled to an “automatic waiver” for this item.</p>

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	(5) The period for lodgment of the notices referred to in sub-paragraph 4(4) will commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than seven days prior to the date of such meeting.	shareholders may propose a person for election as a director. Those shareholders may, in practice, propose a person for election as a director at any time before the relevant general meeting or even at the general meeting.  The adoption of the requirement of Appendix 3 would be inconsistent with Brazilian law.	
Appendix 3, 5	A copy of either (i) the directors’ report, accompanied by the balance sheet and profit and loss account or income and expenditure account, or (ii) the summary financial report shall, at least 21 days before the date of the general meeting, be delivered or sent by post to the registered address of every member.	The CVM Rules require a company whose shares are publicly traded to publish its annual financial statements (together with the management report, the auditors’ report and the opinion of the Fiscal Council) prepared under Brazilian GAAP on the websites of CVM and BM&FBOVESPA at least one month before the annual general meeting.	We considered that the Brazil statutory obligations have a substantially similar effect as the relevant requirement in Appendix 3. A waiver of this articles provision was granted.  Under the JPS, an eligible secondary listing applicant is entitled to an “automatic waiver” for this item.
Appendix 3, 6(2)	The quorum for a separate class meeting (other than an adjourned meeting) to consider a variation of the rights of any class of shares shall be the holders of at	Brazilian law has quorum requirements for companies whose shares are publicly traded. In particular, any variation of the rights attached to the preferred shares of a	We considered that the difference in laws was immaterial with regards to shareholder protection. A waiver of this

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Rule Paragraph	Rule Requirement	Brazilian Laws, Regulations and Practice	Our Approach
	<p>least one-third of the issued shares of the class.</p>	<p>company would require approval of shareholders holding more than 50% of the voting share capital. Further, if the proposed variation to the rights of any class of shares would be prejudicial to the interests of the holders of the preferred shares, it must also be approved by more than 50% of the holders of the preferred shares at a separate class meeting.</p> <p>Strict compliance with this articles provisions requirement would be inconsistent with Brazilian law.</p>	<p>articles provision was granted.</p> <p>Under the JPS, an eligible secondary listing applicant is entitled to an “automatic waiver” for this item.</p>
<p>Appendix 3, 8 (1) and (2)</p>	<p>If an issuer has the power to purchase for redemption a redeemable share:</p> <p>(1) purchases not made through the market or by tender must be limited to a maximum price; and</p> <p>(2) if purchases are by tender, tenders must be available to all shareholders alike.</p>	<p>Brazilian law provides that if a company issues redeemable shares, it is required to specify in its constitutional document or in the minutes of a shareholders meeting the basis and formula for the redemption of any redeemable shares it may issue.</p> <p>Under Brazilian law, if a company were to redeem shares from only a portion of shareholders, the redemption can be made by means of a raffle. Strict compliance with</p>	<p>We considered that the Brazil statutory obligations have a substantially similar effect as the relevant requirement in Appendix 3. A waiver of this articles provision was granted.</p> <p>Under the JPS, an eligible secondary listing applicant is entitled to an “automatic waiver” for this item.</p>

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<b>Rule Paragraph</b>	<b>Rule Requirement</b>	<b>Brazilian Laws, Regulations and Practice</b>	<b>Our Approach</b>
		paragraph 8(2) of Appendix 3 would be inconsistent with Brazilian law.	
Appendix 3, 10(2)	Where the equity capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favourable voting rights, must include the words “restricted voting” or “limited voting”.	Under Brazilian law, a Brazilian publicly traded company may issue different classes of preferred shares with restricted or limited voting rights. While the law requires that the rights of these preferred shares must be clearly stated in the company’s constitutional document, there is no requirement for each of class to include the words “restricted voting” or “limited voting”.	<p>We considered that the clear designation of the rights of preferred shares in a Brazil incorporated company in accordance with the Brazilian statutory requirements have a substantially similar effect as the relevant requirement in Appendix 3. A waiver of this articles provision was granted.</p> <p>Under the JPS, an eligible secondary listing applicant is entitled to an “automatic waiver” for this item.</p>
Appendix 3, 11(2)	A corporation may execute a form of proxy under the hand of a duly authorised officer.	Brazilian law provides that, where a shareholder of a company is a corporation, its duly authorised officer shall have the power to execute any document appointing a proxy to act on behalf of the shareholder, which is equivalent to paragraph 11(2) of	<p>We considered that the Brazil statutory obligations have a substantially similar effect as the relevant requirement in Appendix 3. A waiver of this articles provision was granted.</p> <p>Under the JPS, an eligible secondary listing applicant is entitled to an</p>



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		the Appendix 3.	“automatic waiver” for this item.
Appendix 3, 12	No powers shall be taken to freeze or otherwise impair any of the rights attaching to any share by reason only that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the issuer.	<p>There is no provision under Brazilian law relating to the power to freeze or otherwise impair any of the rights attaching to any share by reasons only that the persons or persons who are interested directly or indirectly have failed to disclose their interests to the company.</p> <p>In a previous case, a Brazil incorporated applicant subject to the CVM Rules provided in its constitutional document that non-disclosure of a shareholder’s interest pursuant to the CVM Rules would not result in any suspension or restriction of the rights of such shareholder.</p>	<p>We considered that the combined effect of the applicant’s articles provision and the relevant Brazil statutory obligations has a substantially similar effect as the relevant requirement in the Appendix 3. A waiver of this articles provision was granted.</p> <p>Under the JPS, no “automatic waiver” is available to a secondary listing applicant for this item.</p>
Appendix 3, 14	Where any shareholder is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or	<p>Under Brazilian law, a shareholder is required to abstain from voting only under specific circumstances set forth in Brazilian law.</p> <p>In a previous case where a Brazil incorporated applicant was subject to CVM</p>	We considered that the combined effect of the applicant’s articles provision (which set out the circumstances under which a shareholder is required to abstain from voting under Brazilian law) and the CVM Rules has a substantially similar effect as the relevant requirement in the

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	restriction shall not be counted.	Rules, it was submitted that shareholders' protection is provided by way of (a) the authority of CVM to review all transactions entered into between shareholders and a listed company; and (b) the authority of Brazilian courts to annul a shareholders' resolution upon being challenged by any interested party.	Appendix 3. A waiver of this articles provision was granted.  Under the JPS, no "automatic waiver" is available to a secondary listing applicant for this item.