



GLOBAL EXPANSION GUIDEBOOK CORPORATE

Brazil



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INTRODUCTION

Welcome to the 2024 edition of DLA Piper's *Global Expansion Guidebook – Corporate*.

GLOBAL EXPANSION GUIDEBOOK SERIES

To compete and be successful today, companies need to develop and scale their businesses globally. Each country presents its own set of unique laws, rules and regulations and business practices that companies must understand to be successful. In order to help clients meet the opportunities and challenges of expanding internationally, we have created a handy set of global guides that cover the basics companies need to know when going into and doing business in new countries. The *Global Expansion Guidebook* series reviews business-relevant corporate, employment, intellectual property and technology, executive compensation, and tax laws in key jurisdictions around the world.

CORPORATE

The *Global Expansion Guidebook – Corporate* has been created based on our research, our experience and feedback we have received from clients in both established and emerging businesses that have expanded internationally. We hope it will be a helpful resource for you.

The *Global Expansion Guidebook – Corporate* covers corporate basics in 54 key jurisdictions across the Americas, Asia Pacific, Europe and the Middle East. We touch on a wide range of corporate issues for companies expanding internationally, including establishing a corporate presence and choice of entity, liability considerations, tax presence and tax filings, capital requirements, the formation process, director, officer and shareholder requirements, registration processes, office lease processes and possible exit strategies.

With more than 600 lawyers, DLA Piper's global Corporate group is one of the largest in the world, with one of the widest geographical footprints of any global law firm and experience across the legal areas companies need as they expand internationally. With both global experience and local knowledge, we partner with our clients wherever they do business to find solutions and manage their risk in relation to their challenges and objectives.

While this guide provides high-level guidance, it is not a substitute for legal advice, and we encourage you to seek advice regarding the specific matters that concern you. If you wish to speak to any of our contributors, you may find their contact details at the end of the guide.

We hope you find this guide valuable, and we welcome your feedback.

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This is a general reference document and should not be relied upon as legal advice. The application and effect of any law or regulation upon a particular situation can vary depending upon the specific facts and circumstances, and so you should consult with a lawyer regarding the impact of any of these regimes in any particular instance.

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BRAZIL



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FORM OF ENTITY

Limited liability company (Sociedade Limitada)

Sociedades Limitadas are regulated by Law 10,406/02 (Brazilian Civil Code) and residually, whenever set forth in their articles of association, by Law 6,404/76, as amended, which regulates Brazilian corporations.

A Sociedade Limitada is simple to incorporate and operate as very few formalities are required for its organization and management.

The Sociedade Limitada is managed by the officers/managers, who run the day-to-day operations of the corporation, and may also have a board of directors, which, if appointed, will be responsible for making major business decisions and overseeing the general affairs of the company. The officers must be individuals appointed by the board of directors or by the quotaholders' meeting, in case the company does not have a board of directors, whilst the directors are elected by the company's quotaholders. The management structure of a Sociedade Limitada is established in the company's articles of association.

Corporation (Sociedade Anônima)

Legal entity suitable for several types of businesses and investments. Non-listed corporations are simple to incorporate and operate, but more formalities are required for its organization and management when compared to the Sociedade Limitada. One example is the mandatory publication of certain corporate acts.

The Sociedade Anônima is managed by the officers, who run the day-to-day operations of the corporation, and, in certain cases, by a board of directors, which is responsible for making major business decisions and overseeing the general affairs of the corporation. The officers must be individuals appointed by the board of directors or by the shareholders' meeting, in case the corporation does not have a board of directors, whilst the directors are elected by the corporation's shareholders. The management structure of a Sociedade Anônima is established in the corporation's bylaws and certain corporations, such as the publicly held corporations, shall, mandatorily appoint a board of directors.

ENTITY SET UP

Although the Brazilian Law sets forth other types of companies, the Brazilian companies usually adopt the form of a limited liability company, (*Sociedade Empresária Limitada*) or of a corporation, (*Sociedade Anônima*).

Limited liability company (*Sociedade Limitada*)

- A *Sociedade Limitada* may have 1 or more quotaholders
- Capital divided into quotas. The ownership of quotas and any burden over such quotas are reflected in the articles of association. It is possible to issue preferred quotas.
- In principle, the liability of the quotaholders is limited to the total subscribed capital which has not been paid in by them.
- Managers (quotaholders or not) are responsible for the day-to-day management of the company's business and for representing the company before 3rd parties.
- A *Sociedade Limitada* can also have a Board of Directors, with overall management responsibility;
- An annual meeting shall be held by the quotaholders in the first 4 months after the end of the previous fiscal year in order to approve the management's accounts as well as the company's balance sheet and economical results.
- No public subscription or participation in the capital is allowed and a *Sociedade Limitada* cannot publicly trade its quotas or list on a stock exchange.
- Taxed on its profits and gross revenues at a corporate level and quotaholders are exempt from income tax on dividend distribution.

Note: Pursuant to the enactment of Law No. 13.874/19, which converted Provisional Measure No. 881 /2019 into law and instituted the Declaration of Economic Freedom Rights, the *Sociedade Limitadas* were allowed to be incorporated by a sole quotaholder. Prior to such law, Brazilian Civil Code established that a *Sociedade Limitada* should have a minimum of 2 quotaholders.

Corporation (*Sociedade Anônima*)

- A *Sociedade Anônima* must have at least 2 shareholders. Exception is made to the incorporation of a whole owned subsidiary (sole shareholder company) provided that the incorporation must be made through a public deed and the sole shareholder must be a Brazilian company.
- Capital divided into shares. Different classes of shares allowed.
- Generally, the ownership of shares and any burden over such shares are reflected in the corporate books.

- The liability of the shareholders is limited to the total subscribed capital which has not been paid in by them.
- Typical charter documents include: bylaws, minutes of shareholders' general meetings, resolutions of the board of officers and board of directors, corporate books.
- Board of directors, if existing, has overall management responsibility; officers have day-to-day responsibility.
- Shareholders typically subscribe and pay for stock issued by the corporation, either common or preferred.
- An annual meeting shall be held by the shareholders in the first 4 months after the end of the previous fiscal year in order to approve the management's accounts and the corporation's financial statements.
- A *Sociedade Anônima* may be a publicly traded company and offer its securities for sale to the general public.
- Taxed on its profits and gross revenues at a corporate level and shareholders are exempt from income tax on dividend distribution.

MINIMUM CAPITAL REQUIREMENT

Limited liability company (*Sociedade Limitada*)

In principle, there is no legal requirement concerning the minimum capital for a *Sociedade Limitada* (except if a foreign person is expected to work as manager of the Brazilian company, in which case a minimum capital of BRL150,000 –approximately US\$30,900 – plus the commitment to create 10 job positions within 2 years or a paid-in foreign capital amounting to at least, BRL600,000 – approximately US\$24,000 – is required for visa purposes).

Corporation (*Sociedade Anônima*)

In general, there is no minimum capital requirement (except if a foreign person is expected to work as officer of the Brazilian company, in which case a minimum capital of BRL150,000 – approximately US\$30,900 – plus the commitment to create 10 job positions within 2 years or a paid-in foreign capital amounting to at least BRL600,000 – approximately US\$24,000– is required for visa purposes).

Depending on the corporate purpose, there might be a minimum capital requirement, such as in the case of insurance companies and certain financial institutions.

LEGAL LIABILITY

Limited liability company (*Sociedade Limitada*)

As a general rule, a quotaholder is not liable for the company's obligation, but solely for the payment in full of the quotas subscribed by them. However, in the event of the company's bankruptcy, each quotaholder is liable, jointly and severally with the others, for payment in full of the company's capital not yet paid in.

Once all the quotas have been fully paid in, the quotaholders will have no further liability, except for certain cases of violation of law and of the articles of association, in which case the company's legal personality may be disregarded (ie, piercing the corporate veil).

The managers of the company are not liable for obligations assumed on behalf of the company, unless they exceed their powers or violate the law or the articles of association.

Corporation (*Sociedade Anônima*)

As a general rule, a shareholder is not liable for the corporation's obligations, but solely for the payment in full of the subscribed shares.

Once all the shares have been fully paid in, the shareholders will have no further liability, except for certain cases of violation of law or of the bylaws, in which case the corporation's legal personality can be disregarded (ie, piercing the corporate veil).

The managers of the corporation are not liable for obligations assumed on behalf of the corporation, unless they exceed their powers or violate the law or the bylaws.

TAX PRESENCE

Limited liability company (*Sociedade Limitada*)

A legal entity incorporated in Brazil is treated as a domestic legal entity for tax purposes, and is subject to Brazilian income tax on its worldwide income.

Corporation (*Sociedade Anônima*)

A legal entity incorporated in Brazil is treated as a domestic legal entity for tax purposes, and is subject to Brazilian income tax on its worldwide income.

INCORPORATION PROCESS

Limited liability company (*Sociedade Limitada*)

The incorporation process of a *Sociedade Limitada* begins with the execution of the articles of association by its quotaholder(s) (or its/their representatives, as the case may be) and the subsequent filing of this document with the respective state commercial registry.

Corporation (*Sociedade Anônima*)

Filing of the minutes of the shareholders' meeting which approved the incorporation of the corporation and its bylaws with the respective state commercial registry. At least 10 percent of the initial capital shall be paid in at the moment of incorporation.

BUSINESS RECOGNITION

Limited liability company (*Sociedade Limitada*)

Well regarded and widely used for a simpler and less expensive corporate structure.

Corporation (*Sociedade Anônima*)

Well regarded and widely used, especially for medium and large businesses.

SHAREHOLDER MEETING REQUIREMENTS

Limited liability company (*Sociedade Limitada*)

The quotaholders of a *Sociedade Limitada* must hold an annual Quotaholders' Meeting in the first 4 months following the end of the previous fiscal year, in order to deliberate on subjects related to the administration of the company, the approval of the management accounts and of the balance sheet and economical result of the *Sociedade Limitada*.

Corporation (*Sociedade Anônima*)

The shareholders are required to hold annual shareholder's meeting to vote on certain items, such as election of directors (or officers, in case the company does not have a board of directors), management accounts and approval of the financial statements.

Note: In 2020, Brazilian federal government enacted Provisional Measure No. 931/2020, which was regulated by Normative Rule No. 79/2020 (later replaced by Normative Rule No. 81/2020), issued by the National Business Registration Department (*Departamento Nacional de Registro Empresarial e Integração*). Pursuant to such regulation, *Sociedades Limitadas* and *Sociedades Anônimas* are expressly permitted to hold remote meetings, which may be semi-presential or fully virtual.

BOARD OF DIRECTOR MEETING REQUIREMENTS

Limited liability company (*Sociedade Limitada*)

The rules for the managers meeting, if applicable, shall be established in the articles of association. The *Sociedade Limitada* may have a Board of Directors and the rules established in the Brazilian Corporations Law (Rule No. 6,404/76) regarding the Board of Directors shall be applied by analogy.

Corporation (*Sociedade Anônima*)

Requirements, if any, shall be established in the bylaws.

ANNUAL COMPANY TAX RETURNS

Limited liability company (*Sociedade Limitada*)

Legal entities must file several tax returns in the federal, state and local levels depending of their activities. Some of these returns must be presented on a monthly basis. A country-by-country report may also be required.

Corporation (*Sociedade Anônima*)

Legal entities must file several tax returns in the federal, state and local levels depending of their activities. Some of these returns must be presented on a monthly basis. A country-by-country report may also be required.

BUSINESS REGISTRATION FILING REQUIREMENTS

Limited liability company (*Sociedade Limitada*)

The corporate acts of a *Sociedade Limitada* (eg, amendments to the articles of association and quotaholders' meetings) must be filed with the competent commercial registry.

Corporation (*Sociedade Anônima*)

Minutes of shareholders' meetings and certain board of directors and board of officers' resolutions must be filed with the competent commercial registry.

BUSINESS EXPANSION

Limited liability company (*Sociedade Limitada*)

No need to change as business expands.

Corporation (*Sociedade Anônima*)

No need to change as business expands.

EXIT STRATEGY

Limited liability company (*Sociedade Limitada*)

Once the dissolution occurs, by virtue of, among other events, approval of all quotaholders, a liquidator shall be appointed in order to manage the Company during the liquidation period. The liquidation procedures shall be in accordance with the provisions of the articles of association.

In addition, a dissenting quotaholder has the right to, in certain cases expressly set forth in the Brazilian Civil Code, request the partial dissolution of the company and withdraw from it.

The quotaholders may also establish, by means of the execution of a quotaholders' agreement, some exit strategies such as tag and/or drag along rights, put option right, redemption of quotas or other exit alternatives.

Corporation (*Sociedade Anônima*)

File dissolution documents with the appropriate commercial registry. Shareholders shall observe the procedures established in the bylaws and in the applicable law regarding the liquidation of the corporation.

The shareholders may also establish, by means of the execution of a shareholders' agreement, some exit strategies such as tag and/or drag along rights, put option right, redemption of shares or other exit alternatives.

ANNUAL CORPORATE MAINTENANCE REQUIREMENTS

Limited liability company (*Sociedade Limitada*)

Annual quotaholders' meeting to be held within 4 months after the end of the previous fiscal year.

Corporation (*Sociedade Anônima*)

Annual shareholders' meeting to be held within 4 months after the end of the previous fiscal year.

DIRECTOR / OFFICER REQUIREMENTS

Limited liability company (*Sociedade Limitada*)

The *Sociedade Limitada* shall have at least 1 manager, and all the managers must be individuals (Brazilian citizens or foreigners with an attorney-in-fact resident in Brazil, as further detailed below). The *Sociedade Limitada* may have a Board of Directors and the rules established in the Brazilian Corporations Law (Rule No. 6,404/76) regarding the Board of Directors shall be applied by analogy.

Corporation (*Sociedade Anônima*)

At least 1 officer is required, and all the officers must be individuals (Brazilian citizens or foreigners with an attorney-in-fact resident in Brazil, as further detailed below).

The board of directors shall have at least 3 members (Brazilian citizens or foreigners with an attorney-in-fact resident in Brazil, as further detailed below). In general, Directors are only mandatory in case of listed corporations and corporations with authorized capital.

For more information on directors' duties, see our [Global Guide to Directors' Duties](#).

LOCAL CORPORATE SECRETARY REQUIREMENT

Limited liability company (*Sociedade Limitada*)

Not applicable for this jurisdiction.

Corporation (*Sociedade Anônima*)

Not applicable for this jurisdiction.

LOCAL LEGAL OR ADMIN REPRESENTATIVE REQUIREMENT

Limited liability company (*Sociedade Limitada*)

Not applicable for this jurisdiction.

Corporation (*Sociedade Anônima*)

Not applicable for this jurisdiction.

LOCAL OFFICE LEASE REQUIREMENT

Limited liability company (*Sociedade Limitada*)

The address of the company's headquarters or branch must be adequate for the activities it will perform on such site.

Corporation (*Sociedade Anônima*)

The address of the corporation's headquarters or branch must be adequate for the activities it will perform on such site.

OTHER PHYSICAL PRESENCE REQUIREMENTS

Limited liability company (*Sociedade Limitada*)

A foreign quotaholder (legal entity or an individual) or manager not resident in Brazil must constitute an attorney-in-fact resident in Brazil with powers to receive service of process on its behalf.

The company shall have an accountant responsible for its accounting.

Corporation (*Sociedade Anônima*)

A shareholder, director or officer not resident in Brazil must constitute an attorney-in-fact resident in Brazil with powers to receive service of process on their behalf.

The corporation shall have an accountant responsible for its accounting.

SUFFICIENCY OF VIRTUAL OFFICE

Limited liability company (*Sociedade Limitada*)

Depending on the activities performed by the company, it may have a virtual office.

Corporation (*Sociedade Anônima*)

Depending on the activities performed by the company, it may have a virtual office.

PROVISION OF LOCAL REGISTERED ADDRESS BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Limited liability company (*Sociedade Limitada*)

Allowed. The address of the company's headquarters or branch must be adequate for the activities it will perform on such site.

Corporation (*Sociedade Anônima*)

Allowed. The address of the corporation's headquarters shall be adequate for the activities it will perform on such site.

Note: Law firms do not usually render this type of service (to provide local registered address).

PROVISION OF LOCAL DIRECTOR OR CORPORATE SECRETARY BY LAW FIRM OR THIRD-PARTY SERVICE PROVIDER

Limited liability company (*Sociedade Limitada*)

Allowed for incorporation.

Corporation (*Sociedade Anônima*)

Allowed for incorporation.

NATIONALITY OR RESIDENCY REQUIREMENTS FOR SHAREHOLDERS, DIRECTORS AND OFFICERS

Limited liability company (*Sociedade Limitada*)

Under Brazilian Law, all foreign quotaholders (legal entities or individuals) must constitute an attorney-in-fact resident in Brazil with powers to receive service of process on their behalf, to be empowered to manage their assets in Brazil and to represent them with tax authorities. Also, the quotaholders must be registered with the Corporate Taxpayer Roll (CNPJ).

Managers of a *Sociedade Limitada* are not required to be resident in Brazil, but managers who do not reside in Brazil must be enrolled before Brazilian tax authorities (*CPF - Cadastro de Pessoa Física*) and constitute an attorney-in-fact resident in Brazil with powers to receive service of process on their behalf.

Corporation (*Sociedade Anônima*)

Under Brazilian Law, all shareholders (legal entities or individuals) that are not Brazilian residents must constitute an attorney-in-fact resident in Brazil with powers to receive service of process on their behalf, to be empowered

to manage their assets in Brazil and to represent them with tax authorities. Also, the shareholders must be registered with the Corporate Taxpayer Roll (CNPJ).

Directors who do not reside in Brazil must constitute an attorney-in-fact resident in Brazil with powers to receive service of process on their behalf.

Officers are not required to be resident in Brazil, but officers who do not reside in Brazil must be enrolled before Brazilian tax authorities (*CPF - Cadastro de Pessoa Física*) and constitute an attorney-in-fact resident in Brazil with powers to receive service of process on their behalf.

However, although Brazilian law has allowed non-residents to hold such positions, the Brazilian Federal Revenue system still needs to be duly updated to reflect such appointments and therefore still has operational barriers to include the non-resident officer's complete data (specifically the officer's address). In this sense, to be able to complete the enrolment of the non-resident officer before the Brazilian fiscal authorities, and, therefore, registering the appointment of non-resident individuals as officers of Brazilian companies, a pathway is to indicate the address of the Brazilian entity's headquarters or the attorney-in-fact's address in Brazil.

RESTRICTIONS REGARDING APPOINTMENT OF NOMINEE SHAREHOLDERS OR DIRECTORS

Limited liability company (*Sociedade Limitada*)

Legal entities cannot be appointed as manager or director.

Corporation (*Sociedade Anônima*)

Legal entities cannot be appointed as officer or director.

SUMMARY OF DIRECTOR'S, OFFICER'S AND SHAREHOLDER'S AUTHORITY AND LIMITATIONS THEREOF

Limited liability company (*Sociedade Limitada*)

The managers are elected by the quotaholders and are responsible for the day-to-day management of the company's business. The managers are also responsible for representing the company before 3rd parties, in accordance with the provisions of the articles of association.

The articles of association (and/or a quotaholders' agreement) may set up certain limitations to the powers of the managers and keep major decisions to the approval of the quotaholders.

Corporation (*Sociedade Anônima*)

Directors are elected by the shareholders and are part of a decision-making body of the corporation which establishes broad policies and objectives. In contrast, officers are appointed by the directors to oversee day-to-day operations of the corporation. In case the corporation does not have a board of directors, the officers are elected by the shareholders' meeting and have full authority.

The law establishes certain matters that shall be decided exclusively by the shareholders. The bylaws (and/or a shareholders' agreement) may create additional limitations to the powers of the directors and officers.

PUBLIC DISCLOSURE OF IDENTITY OF DIRECTORS, OFFICERS AND SHAREHOLDERS

Limited liability company (*Sociedade Limitada*)

Identity of quotaholders and managers is publicly disclosed.

Corporation (*Sociedade Anônima*)

Identity of directors and officers is publicly disclosed; identity of shareholders of private, non-listed companies is not publicly disclosed.

MINIMUM AND MAXIMUM NUMBER OF DIRECTORS AND SHAREHOLDERS

Limited liability company (*Sociedade Limitada*)

There must be a minimum of 1 quotaholder, and no maximum number of quotaholders. For managers, the minimum number is 1.

Corporation (*Sociedade Anônima*)

There must be a minimum of 2 shareholders, and no maximum number. Exception is made to the incorporation of a whole owned subsidiary (sole shareholder company) provided that the incorporation must be made through a public deed and the sole shareholder must be a Brazilian company. For directors, if any, the minimum number is three, while there is no maximum number. For officers, the minimum number is 1, and there is no maximum number.

MINIMUM NUMBER OF SHAREHOLDERS REQUIRED

Limited liability company (*Sociedade Limitada*)

There must be a minimum of 1 quotaholder.

Corporation (*Sociedade Anônima*)

As least 2 shareholders are required. Exception is made to the incorporation of a whole owned subsidiary (sole shareholder company) provided that the incorporation must be made through a public deed and the sole shareholder must be a Brazilian company.

REMOVAL OF DIRECTORS OR OFFICERS

Limited liability company (*Sociedade Limitada*)

Removal of managers depend on the approval of quotaholder(s) (quotaholders representing more than 1/2 of the company's capital, unless if otherwise provided in the articles of organization).

Corporation (*Sociedade Anônima*)

Removal of directors is allowed by a vote of shareholders. Officers are removed by means of a resolution of the board of directors, if any, or the shareholders (the latter in case the corporation does not have a board of directors).

REQUIRED AND OPTIONAL OFFICERS

Limited liability company (*Sociedade Limitada*)

The quotaholders may set forth in the articles of association different functions to be attributed to each manager.

Corporation (*Sociedade Anônima*)

At least 1 officer, with no specific designation, is required. The functions to be attributed to each officer may be established in the bylaws.

BOARD MEETING REQUIREMENTS

Limited liability company (*Sociedade Limitada*)

The rules for managers' meetings, if applicable, shall be set forth in the articles of association.

Corporation (*Sociedade Anônima*)

To be established in the bylaws, if applicable.

QUORUM REQUIREMENTS FOR SHAREHOLDER AND BOARD MEETINGS

Limited liability company (*Sociedade Limitada*)

The general rule for quotaholders' meetings and managers' meetings (the latter, if applicable) is the majority of the votes. The Brazilian Civil Code establishes higher quorum for some specific resolutions, and the articles of association may also establish other rules concerning the approval of resolutions.

Corporation (*Sociedade Anônima*)

For a shareholder meeting, shareholders representing 1/4 of the votes attributed to the shares with voting rights shall be present. In general, decisions shall be taken by at least the majority of the shareholders present at the meeting. Certain matters, expressly set forth in the law, require the approval by a higher quorum. The bylaws may establish other quorum requirements.

For the board of directors, the decisions shall be taken by the majority of directors. Other requirements shall be established by the bylaws.

MUST A BANK ACCOUNT BE OPENED PRIOR TO INCORPORATION, AND MUST THE BANK ACCOUNT BE LOCAL?

Limited liability company (Sociedade Limitada)

Not necessary in order to incorporate. The company's bank account shall be opened in Brazil only after the registration of the incorporation documents with the commercial registry and the registration of the company with the Brazilian Federal Revenue.

Corporation (Sociedade Anônima)

The corporation's bank account shall be opened in Brazil after its incorporation. Nonetheless, in order to comply with the Brazilian Law, the incorporation of a corporation depends on the realization of at least 10 percent of the issuance price of the shares subscribed in national currency that shall be deposited at Banco do Brasil S/A., or at another bank authorized by the Brazilian Securities Commission.

AUDITING OF LOCAL FINANCIALS. IF SO, MUST THE AUDITOR BE LOCATED IN LOCAL JURISDICTION, AND MUST THE COMPANY'S BOOKS BE KEPT LOCALLY?

Limited liability company (Sociedade Limitada)

An audit is not required for a *Sociedade Limitada*.

Although the Brazilian Law sets forth corporate books for a *Sociedade Limitada* (book of quotaholders' meeting, managers' meeting and fiscal council meetings, if applicable), there is no penalty in case of not having them (in practice, most *Sociedades Limitadas* do not usually open corporate books). In case they are opened, they shall be kept at the company's headquarters.

Corporation (Sociedade Anônima)

An audit is not generally required for private, non-listed companies. Corporate books (ie, share transfer book, registry of shares, book of attendance at shareholders' meetings, book of shareholders' meetings, book of board of officers meetings, book of board of directors meetings – if applicable, book of fiscal council meetings) shall be kept at the corporation's headquarters.

REQUIREMENT REGARDING PAR VALUE OF STOCK

Limited liability company (Sociedade Limitada)

The quotas of a *Sociedade Limitada* must have a determined par value established in the articles of organization.

Corporation (Sociedade Anônima)

Par value is not required.

INCREASING OF CAPITALIZATION IF NEEDED

Limited liability company (*Sociedade Limitada*)

The company's capital can only be increased once it is fully paid in and upon the registration of an amendment to the articles of organization. According to the Brazilian Civil Code, each quotaholder has the pre-emptive right to subscribe the new quotas issued in a capital increase, proportionally to the equity held by each of them in the company's capital.

Corporation (*Sociedade Anônima*)

Effectuated by amending the bylaws, which requires authorization from the shareholders. If the corporation has a board of directors, the shareholders may establish an authorized capital. In this case, the capital may be increased within the limit of the authorized capital by means of a resolution of the board of directors, without the necessity of amending the bylaws.

A capital increase may only occur once, at least, 3/4 of the company's capital is fully paid in.

SUMMARY OF HOW FUNDS CAN BE REPATRIATED FROM YOUR JURISDICTION (IE DIVIDENDS OR REDEMPTION)

Limited liability company (*Sociedade Limitada*)

Dividends, capital reduction, redemption of quotas, purchase and sale of quotas.

Corporation (*Sociedade Anônima*)

Dividends, capital reduction, redemption of shares, purchase and sale of shares.

RESTRICTIONS ON TRANSFERABILITY OF SHARES

Limited liability company (*Sociedade Limitada*)

All transfers of quotas must be done by means of an amendment to the articles of association. A quotaholder may freely transfer the respective quotas if there is no opposition of quotaholders holding more than 1/4 of the company's capital. However, the quotaholders usually set forth limitations to the transfer of quotas in the articles of association (such as right of first refusal) or in the quotaholders' agreement, if any.

Corporation (*Sociedade Anônima*)

As a general rule, shareholders may freely transfer their shares to other shareholders or third parties by means of an entry in the share transfer book. It is common to establish limitations to this right in the bylaws or in shareholders' agreements, if any.

OBTAINING A NAME AND NAMING REQUIREMENTS

Limited liability company (*Sociedade Limitada*)

A Brazilian company may have any name which is not being currently used by another company or is in conflict with an existing trademark or trade name of a potential competitor or a relevant company.

The company's name must include either the word "*Limitada*" or its abbreviation "Ltda." as the last word and indicate the core business of the company.

Corporation (*Sociedade Anônima*)

A corporation may have any name which is not being currently used by another company or is in conflict with an existing trademark or trade name of a potential competitor or a relevant company.

The corporation's name shall include either the words "*Companhia*," "*Sociedade Anônima*" or its abbreviation "S. A.," which is most commonly used.

SUMMARY OF "KNOW YOUR CLIENT" REQUIREMENTS

Limited liability company (*Sociedade Limitada*)

During the procedure of opening the company's bank account, the documents required may vary from bank to bank.

Corporation (*Sociedade Anônima*)

During the procedure of opening the corporation's bank account, the documents required may vary from bank to bank.

APPROVAL REQUIREMENTS FOR AMENDING CHARTER DOCUMENT

Limited liability company (*Sociedade Limitada*)

Any amendment to the articles of association depend on the approval of quotaholders representing over 1/2 of the company's capital.

Corporation (*Sociedade Anônima*)

As a general rule, a majority of shareholders must formally approve, in a shareholders' meeting, any amendment to the bylaws.

LICENSES REQUIRED TO CONDUCT BUSINESS IN JURISDICTION

Limited liability company (*Sociedade Limitada*)

After the registration of the articles of association with the commercial registry and the enrollment with the federal tax authorities and the Central Bank of Brazil (in case of non-resident quotaholders), the company must also register with Caixa Econômica Federal, an official bank, and the National Social Security Institute (INSS).

Subsequently, the company may need to register with municipal and/or state authorities, and other licenses may be required depending on its activities.

Corporation (*Sociedade Anônima*)

After the registration of the incorporation document with the commercial registry and the enrollment with the federal tax authorities and the Central Bank of Brazil (in case of non-resident shareholders), the corporation must also register with Caixa Econômica Federal, an official bank, and the National Social Security Institute (INSS). Subsequently, the corporation may need to register with municipal and/or state authorities, and other licenses may be required depending on its activities.

PROCESS OF PURCHASING AND UTILIZING A SHELF COMPANY

Limited liability company (*Sociedade Limitada*)

Shelf companies can be purchased from 3rd-party service providers.

Corporation (*Sociedade Anônima*)

Shelf companies can be purchased from 3rd-party service providers.

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