

INFORMATION REPORT

OCTOBER 2018

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INSURANCE AND OPEN SUPPLEMENTARY SOCIAL SECURITY

1) National Council of Private Insurance - CNSP RESOLUTION No. 363, OF 10/11/2018

Published in the Federal Official Journal on 10/17/2018, CNSP Resolution no. 363 provides for the local reinsurers' acceptance of reinsurance and retrocession transactions of cedents abroad and the intermediation of the transactions.

Our Firm's partner João Marcelo dos Santos participated directly in the preparation of the Resolution as consultant of the National Association of Local Reinsurers (ANRE).

We highlight art. 10 of the Resolution, according to which the reinsurance and retrocession contracts of cedents based abroad accepted by local reinsurers and the retrocession contracts of cedents abroad reinsurance accepted by insurers are not subject to the provisions in Chapter VIII of CNSP Resolution no. 168/2007, which deals with Contracts and the compulsory clauses. This was the most important point to be addressed in the Resolution.

The acceptance of reinsurance or retrocession of cedent abroad by a local reinsurer may be made through a direct negotiation with the cedent abroad or through a reinsurance broker based in the Country or an intermediary abroad. This was also an important point as it dispelled any doubts as to the requirement for the reinsurance broker to be Brazilian and/or authorized to operate by the Private Insurance Superintendence (SUSEP).

Anyway, the local reinsurers may accept only reinsurance or retrocession risks related to the groups of lines they are authorized to operate in Brazil, subject to the rules in effect on the withholding limits.

The contracts related to the lines or groups of lines without co-relation in Brazil may be accepted provided that the technical characteristics of the covered risks are similar to those of the groups of lines they are authorized to operate in Brazil.

It is important to highlight that the local reinsurers must have monitoring and control mechanisms in place to mitigate the risks of accumulation and exposure inherent in the characteristics of the risks covered by the accepted reinsurance and retrocession contracts of cedents abroad.

The retrocessions ceded by the local reinsurers related to the risks covered by accepted reinsurance and retrocession contracts of cedents abroad must obey the regulations applicable to the retrocessions related to the risks accepted in reinsurance and retrocession of cedents based in the Country.

Finally, we stress that the cedent abroad was considered equivalent to a company or entity authorized to contract reinsurance or retrocession as determined by the supervising entity of the country of domicile of the cedent, irrespective of any register kept at SUSEP.

It should be noted that all local legal rules whose applicability to the risk contracts abroad was eliminated are rules that protect cedents and not the reinsurers. Therefore, considering this specific effectiveness of such rules, it was possible to expressly establish that they are not applicable in the case of risks of cedents domiciled abroad.

See the full text of the Resolution, [version in Portuguese](#) and [version in English](#).

2) CNSP RESOLUTION No. 364, OF 10/11/2018

Published in the Federal Official Journal on 10/17/2018, CNSP Resolution no. 364 provides for the Civil Liability Insurance for Road Transportation of Passengers, establishing that road transportation vehicles are buses, micro-buses and similar vehicles designed to transport only passengers.

It should be emphasized that CNSP Resolution no. 223/2010 was expressly revoked by the new Resolution.

This new Resolution takes effect on 1/15/2019, and the policies in effect on that date will remain valid

until their maturity when they must be replaced, if they are renewed, by new policies already adjusted to the new rules.

See the full text of the [Resolution](#).

3) CNSP RESOLUTION No. 365, OF 10/11/2018

Published in the Federal Official Journal on 10/17/2018, CNSP Resolution no. 365 provides for the rules and criteria for the credit life insurance.

This Resolution lays down a series of rules for the credit life insurance previously regulated by a few rules addressing specific points.

See the full text of the [Resolution](#).

4) CNSP RESOLUTION No. 366, OF 10/29/2018

Published in the Federal Official Journal on 10/30/2018, CNSP Resolution no. 366 amends [CNSP Resolution no. 241](#), of December 1, 2011, which now reads as follows:

Amendment to par. 1 of art. 2 of CNSP Resolution no. 241, of December 1, 2011, which now reads as follows:

“Par. 1 Subject to the provisions in par. 3, the insufficiency of capacity offer referred to in the head provision will be determined in the event that all local reinsurers, whether admitted or occasional, have refused all or a part of the risks being ceded. (NR)

Insertion of par. 3 in art. 2 of CNSP Resolution no. 241, of December 1, 2011, worded as follows:

“Par. 3 For transfer of risks in retrocession by the local reinsurers, exclusively related to Nuclear Risk transactions, the insufficiency of capacity offer referred to in the head provision will be determined in the cases of lack of registration in the Country of the reinsurer specialized in nuclear risks according to the regulation in force.” (NR)

Basically, the amendments are due to the difficulty to place the Brazilian nuclear risks.

For the sake of explanation, we remind that, aiming at pulverizing the risks related to the nuclear energy, Resolution no. 056, of 7/20/1977, of IRB Brasil RE created the Brazilian Consortium of Nuclear Risks [*Consórcio Brasileiro de Riscos Nucleares – CBRN*], managed by IRB-Brasil RE, with the compulsory participation of the insurers that operated in the Brazilian market as retrotransferees.

By Resolution no. 32/2000 of SUSEP, the Consortium absorbed all risks of the Country, underwritten by the insurers in accordance with the general and special conditions of the nuclear risk policies previously approved by SUSEP.

As anticipated at the time, the insurers, in the case of insurance in the nuclear area, undertook to transfer to IRB all responsibilities accepted as well as the premiums received.

The cessions to the IRB were transferred in full to the Consortium.

With the breach of the monopoly in the Brazilian Reinsurance Market in 2008, [CNSP Resolution no. 194](#), was published and remains in effect until now.

Resolution no. 194/2008 classifies the National Consortium of Nuclear Risks as a group of entities of a country or a group of countries, whose purpose is

to manage nuclear risks as an insurer, reinsurer, or retrotransferee hereinafter referred to as Consortium.

The consortiums may be registered as occasional reinsurer specialized in nuclear risks through an application to SUSEP signed by their legal representatives, subject to the requirements set in CNSP Resolution no. 194/2008, and must also submit the list of the companies that form the consortium, indicating the address of their head offices, and update such information annually since the members of the consortium will be considered one single entity.

See the full text of the [Resolution](#).

5) SUSEP STATEMENT No. 211, OF 10/10/2018

Statement no. 211, published in the Federal Official Journal on 10/11/2018, regulates the access to information provided in Law no. 12527, of November 18, 2011, and establishes the procedures to be followed by SUSEP.

The Statement sets up the Information Service to the Citizen [*Serviço de Informações ao Cidadão* - SIC SUSEP], which will be responsible for assisting and guiding any citizen as to the access to information and will give immediate access to all information available.

The application for access to information will be submitted in a standard form, electronically available on SUSEP website and at SIC SUSEP.

If the immediate access is not possible, SIC SUSEP, within a period of at least twenty (20) days, will:

I - send the information to the physical or electronic address informed;

II - inform the date, place, and instructions on how to consult the information, reproduce it or obtain the corresponding certificate.

III - inform that SUSEP does not have the information or has no knowledge of its existence;

IV - re-send, if it is aware of the information existence, the application directly to the body or entity responsible for the information or that has it;

IV - indicate, if it is aware of the information existence and re-sending the application is not possible, the body or entity responsible for the information or that has it;

VI - indicate the reasons for the denial, total or partial, of the access.

The term to answer the application may be extended for ten (10) days upon justification sent to the applicant before the end of the initial term of twenty (20) days.

In case of denial of the access to the information or if the reasons for the denial are not informed, the applicant may, within ten (10) days as from the awareness of the decision, file an appeal with the authority hierarchically above that one that made the decision, which will entertain the appeal within five (5) consecutive days as from the appeal filing.

SUSEP's procedures to provide answers to technical and/or legal inquiries are set in SUSEP Statement no. 183, of December 22, 2016, as amended.

The procedures related to the exercise of the right of an individual or legal entity legally interested in an administrative proceeding to be permitted to see, obtain a copy, or any other form of access to, the

information are subject to the provisions in SUSEP Statement no. 197, of June 27, 2017, as amended.

Check the full text of the new SUSEP [Statement](#) and [appendixes thereto](#).

6) CALL FOR SUSEP PUBLIC INQUIRY No. 7, OF 9/26/2018

SUSEP Superintendent submitted to public inquiry the draft of a SUSEP Circular that establishes rules and criteria to develop and sell insurance plans of the Lease Surety line.

SUSEP received suggestions until 10/11/2018.

The proposed draft may be checked [here](#).

7) Brazilian Actuary Institute - IBA RESOLUTION No. 04/2018, PUBLISHED ON 9/20/2018

Resolution published by IBA providing for the creation of CPA Actuarial Pronouncement no. 015 – Provisions for remaining risks.

This Technical Pronouncement is intended to disseminate specific procedures for the good practices of calculation of provisions related to remaining risks. The content will be the basis to be used by the actuaries but it will also offer mechanisms for the technicians and others responsible for the management and governance of the companies in regard to the form and reach of the concept of these provisions.

The Pronouncement deals with risks related to products structured in the financial division regime (simple or coverage capital regime) or capitalization.

To check the resolution, click [here](#).

8) IBA RESOLUTION No. 06/2018, PUBLISHED ON 9/28/2018

This IBA Resolution provides for the update of the CPA Actuarial Pronouncement 002 intended to disseminate the specific procedures for independent actuarial audits of the companies supervised by SUSEP.

This Technical Pronouncement aims to disseminate the specific procedures for the independent actuarial audits (audit), whose content must be observed by actuaries that develop this activity at the companies supervised (Companies) by SUSEP as well as to

offer clarification mechanisms to the technicians and others responsible for the management and governance of the respective companies in regard to the form and reach of the audit work.

The purpose of the Pronouncement is to set the minimum procedures for the independent actuaries and the actuaries technically responsible for Companies that are being audited in regard to the form and content of their reports and opinions issued as a result of the audit, in accordance with the rules and guidance of the regulatory entities and the IBA pronouncements.

The document that regulates the independent actuarial audit is [CNSP Resolution no. 321/15](#) (Chapter II of Title III), or a substitute document.

To check the resolution, click [here](#).

9) 6th REPORT ON THE ANALYSIS AND MONITORING OF THE SUPERVISED MARKETS - JULY/2018

The Report on the Analysis and Monitoring of the Supervised Markets issued by SUSEP is intended to provide the markets and the public in general with information for a better understanding of the transactions, volumes of revenue, technical reserves, and results of the insurance, open social security and capitalization markets, based on statistics obtained from the consolidation of the data sent to SUSEP by the supervised companies through the FIP/SUSEP system or through files sent as provided in Circular no. 522/2015.

As in the previous versions, in view that the report is published every year, it shows in tables and graphs the historical data of revenues and technical provisions, the evolution of the rates of loss and

expenses, the concentration patterns of the market per company and per business group, and the distribution of the volume of revenues among the main segments of the insurance and accumulation markets, with emphasis on the profile changes occurred throughout the analyzed period.

Among the innovations of the 6th Report on the Analysis and Monitoring of the Supervised Markets, SUSEP points out:

- The products of the insurance and open supplementary social security markets were re-grouped according to the characteristics of each product and classified as insurance or accumulation product.

The Private Pension Free Benefit Life (VGBL), for example, although it is accounted for as an insurance product (survival), in this report, it was classified as a product of the accumulation market. This is so because the VGBL is, indeed, an

accumulation product (social security), similar to the Benefit Generating Plan (PGBL), inserted in the scope of the personal insurance due to regulatory and tax reasons.

Thus, the products of the insurance market (except the VGBL) were classified in the Auto, Personal, Comprehensive, Compulsory Insurance against Personal Injury caused by Land Vehicles (DPVAT), Extended Warranty, Housing, Great Risks, Rural, Transportation, segments and others, and the products of the accumulation market were classified in the Traditional Social Security, PGBL, and VGBL segments.

- The rates of loss, expenses, and results (found in Section 6 of the Report) were adjusted to precisely reflect the rates used by SUSEP to analyze the solvency of the entities of the supervised markets. The report shows the aggregate rates of the sector

comprising all insurers and open supplementary social security entities.

See the full text of the [Resolution](#).

10) NOTICE TO THE CREDITORS OF CONFIANÇA CIA. DE SEGUROS – UNDER EXTRAJUDICIAL LIQUIDATION

By a publication in the Federal Official Journal on 10/10/2018, the Liquidator of Confiança Companhia de Seguros - Under Extrajudicial Liquidation, enrolled in the National Register of Corporate Taxpayers (CNPJ) under no. 33.054.883/0001-71, according to article 25 and its paragraph, of Law no. 6024, of March 13, 1974, applied in accordance with article 3 of Law no. 10190, of February 14, 2001, and art. 50 of CNSP Resolution no. 335, of December 9, 2015, informs that the General List of

Creditors of the company being liquidated, jointly with its Balance Sheet, both as at the base date August 31, 2018, are available on the website www.confiancaseguros.com.br and at its head office at Rua Sete de Setembro, nº 627, 7º andar - Centro Histórico - Porto Alegre-RS - CEP 90010-190, to the public for a period of ten days, and anyone may object to the lawfulness, value, and classification of the credits contained in the list.

Any objection will be submitted in writing, duly justified, supported by the documents deemed necessary, within ten days as from the date of publication of the notice; such term will end on 10/22/2018.

In the objection, the objectant will inform his/her address, phone number, and e-mail.

The objection may be filed at the head office of the bankruptcy estate (Rua Sete de Setembro, 627, 9º

andar, Centro Histórico, Porto Alegre, RS, CEP 90010-190, 8 AM to noon, and 1 PM to 5 PM, Monday to Friday, sent by mail or via the e-mail liquidante@confiancaseguros.com.br.

The holder of the objected credit will be notified by the Liquidator (should the holder not be the objectant) and, as from the date of receipt of the notice, the allegations and proofs to defend the holder's interests must be submitted within a period of five days.

All objections will be decided by SUSEP.

Only the claims related to credits whose existence and value are evidenced will be accepted. Therefore, only the claims related to judicial proceedings with a final and unappealable decision were accepted. In regard to judicial proceedings without a final decision, the estate will reserve the credit.

However, in two cases the court ordered Reserve of Funds. On the occasion of the publication of the General List of Creditor, the list of credit reserves will be made available.

The claims were not interrupted by the publication of the notice. Thus, the credits pending documentation as well as the credits derived from judicial proceedings may be claimed as soon as the pending issues are cured.

The Analytic Report of the General List of Creditors will show the credits per classification and the creditor's name and Individual Taxpayer ID (CPF) or Corporate Taxpayer ID (CNPJ), the credit amount, and the number of the claim.

Links/Downloads:

[Model of Claim of Individual](#)

[Model of Claim of Legal Entity](#)

[Form for Data Update](#)

[Frequent Questions](#)

11) NEW ROUND OF DISCUSSIONS AT THE SUSEP ACTUARIAL COMMISSION ADDRESSES TAP AND IFRS17.

SUSEP Actuarial Commission [*Comissão Atuarial da SUSEP - CAS*] met again on October 16. At the meeting, some matters such as the Risk Sub-commission were discussed. In this regard, SUSEP informed that just a few specific points related to the draft of the rule on the Internal Control System that will be submitted to public inquiry are still pending.

Soon SUSEP will provide information on the process for acceptance of the use of the reduced factors by the supervised companies. All companies have already been analyzed once and that analysis involves criteria such as the existence of indications in the deficiency tables made by the relevant

inspection and deficiency area of the technical provision.

According to the work sub-group, SUSEP will finalize the proposal for adjustments to Table 28 of the Periodical Information Form [*Formulário de Informações Periódicas - FIP*] and the Statistic Tables 420 and 423. There is not a defined period for the implementation of the changes because such adjustments will be initially evaluated internally and their viability in the market will be then evaluated,

International Financial Reporting Standard - IFRS17
Also at that meeting, the study of the part related to the measurement of the IFRS17 began. The companies are evaluating the impact of the adoption of this rule without proviso as SUSEP itself must study the cost/benefit relation and the adoption level.

SUSEP expects that the discussions with the group will be finalized in March 2019 to obtain an estimate

of the adoption level and the schedule. The marked showed concern about the need for two accountings, one using the total IFRS (for the holding) and the other for the companies supervised by SUSEP.

As to the extension of the period for the compensation among products in the Test of Liabilities Adequacy (TAP), SUSEP explained that the proposal is to delay the adoption of the rule for it to have more time to assess the impacts in light of the IFRS 17 and to balance how the companies manage the risk internally.

Therefore, the rule may be changed in the future or the same text may be kept, however, SUSEP does not anticipate what will occur.

The market informed that a meeting will be held to prepare a questionnaire, to be answered by SUSEP, on the Official Letters sent to the supervised companies in regard to the questions submitted. The market also questioned when the change in the

period to replace the accounting audit team will be established, and SUSEP informed that the rule will be submitted to the CNSP in December 2018.

SUSEP closed the meeting by explaining that it will adopt CNseg's proposal for a study of the Analysis of the Regulatory Impact [*Análise de Impacto Regulatório* - AIR] for a percentage of its rules as from the coming year.

Available on the website of the [Brazilian Actuary Institute](#).

12) SPECIAL INNOVATION AND INSURTECH COMMISSION OF SUSEP

The 5th meeting of the Special Innovation and Insurtech Commission held on 8/20/2018 at SUSEP head office in Rio de Janeiro/RJ was attended by partner João Marcelo dos Santos, who is a member

of the Commission in the capacity of President of the National Insurance and Social Security Academy - ANSP.

The attendees discussed several aspects related to the transactions of the insurtechs and Mr. João Marcelo dos Santos, as a suggestion, recommended the creation of a group within the regulation structure of SUSEP to manage questions, inquiries, interviews, and visits related to the Innovation in the insurance/reinsurance, capitalization, open supplementary social security, and insurtech markets.

The members of the group welcomed the suggestion and SUSEP will prepare the draft of the document proposing the creation of the Committee to be submitted to the Managing Board.

The suggestion derived from the Commission's discussions about the creation of a sandbox for the

insurtechs within the ambit of SUSEP. About this subject, our partner João Marcelo dos Santos recently published in ReActions an [article](#) defending that the creation of sandboxes for insurtechs is a mistake.

The transcription of the 5th meeting of the Commission is available on SUSEP website, and may be checked [here](#).

FINANCIAL MARKET, CAPITAL MARKET AND OTHERS

1) LAW 13726/18 PUBLISHED IN THE FEDERAL OFFICIAL JOURNAL ON 10/9/2018.

The Federal Official Journal published on 10/9/2018 Law 137426/18, which rationalizes the administrative acts and procedures of the Branches of the Federal, State and Municipal Governments and institutes the De-bureaucracy and Simplification Seal.

According to the new Law, certification of signature and authentication of a copy of a document are no longer necessary. The rule delegates to the administrative agent the power to compare the

signature presented by the citizen with that on the personal identity documents to attest to its authenticity.

The travel authorization for minors with certified signature will not be required if the parents are present at the boarding gate.

The law also bars the requirement for production of proof of a fact already proved by the production of another valid document.

The purpose of this law is to simplify unnecessary formalities and requirements whose economic or social cost, both for the taxpayer money and the citizen, exceeds a risk of fraud.

The “De-bureaucracy and Simplification Seal” was created as an acknowledgment to stimulate projects, programs, and practices to facilitate the public

services and improve the assistance to the users of the public services.

Check the full text of the new [Law](#).

2) DECREE No. 9544, OF 10/29/2018

Published in the Federal Official Journal on 10/30/2018, Decree no. 9544, of 10/30/2018, recognizes that the foreign interest of up to 100% of the capital of the Direct Credit Companies and Personal Loan Companies authorized to operate by the Brazilian Central Bank is of the Brazilian government's interest

Currently, the foreign interest in the capital of financial institutions is possible only if it is considered of Brazil's interest. Thus, it is up to each institution that intends to establish itself in Brazil and in which

foreign companies hold interest to request the Brazilian Central Bank to express the interest of the government through a decree signed by the Brazilian president.

In April of this year, the National Monetary Council (CMN) created the Direct Credit Company [*Sociedade de Crédito Direto - SCD*] and the Interpersonal Loan Company [*Sociedade de Empréstimo entre Pessoas - SEP*], which are the names to be used by the credit fintechs to operate in Brazil.

The SCD is an institution that carries out loan, funding, and credit right acquisition transactions through an electronic platform, using its own funds. The SEP carries out interpersonal loans and funding via electronic means.

In practice, the fintechs with foreign interest would also be subject to the government's recognition of its interest.

With the publication of the Decree, the credit fintechs in Brazil may count on a 100% contribution of foreign capital, depending only on the Brazilian Central Bank's authorization to operate within the National Financial System (SFN).

This is another measure among others recently adopted by the Brazilian Central Bank to promote the competition in the Brazilian financial market via the fintechs.

See the full text of the [Decree](#).

3) National Monetary Council - CMN RESOLUTION No. 4691, of 10/29/2018

The CMN decided to amend Resolution no. 3932 of December 16, 2010 and Resolution no. 4676, of July 31, 2018, which provide for the allocation of the funds of savings deposits by the entities that are part of the Brazilian Savings and Loan System (SBPE).

According to the new Resolution, there is a new limit for the appraisal of properties for the purposes of housing financing within the ambit of the Housing Finance System (SFH).

From now on, properties with an appraisal value of up to R\$ 1.5 million may be financed.

Currently, the SFH financing cap is R\$ 950 thousand for properties in the States of Rio de Janeiro, Minas

Gerais, and São Paulo and in the Federal District. In the other places of the country, the current cap is R\$ 800 thousand.

The limit of the appraisal had been changed in July by Resolution no. 4676, but would take effect only in January 2019, jointly with the other changes introduced by the new regulation. However, as the new value does not require substantial adjustments to the internal systems of the financial institutions, unlike the other changes introduced by said resolution, the CMN decided to advance its effectiveness which is now immediate.

The civil construction sector considers that the enactment of the rule is an excellent encouragement for its recovery and to overcome the crisis that began with the Brazilian economic recession.

See [CMN Resolution no. 4691/2018](#).

4) CMN RESOLUTION No. 4693, of 10/29/2018

Provides for the conditions and limits for the credit transactions with related parties carried out by financial institutions and lease companies for the purposes of art. 34 of Law no. 4595, of December 31, 1964.

According to the Resolution, related parties of an institution are

- I - its controllers, individuals and legal entities, under art. 116 of Law no. 6404, of December 15, 1976;
- II - its officers and members of the corporate or contractual bodies;
- III - the spouse, cohabitant and relatives, by consanguinity or affinity, up to the second degree, of the individuals mentioned in items I and II;
- IV - individuals holding qualified corporate interest in its capital; and

V - legal entities:

- a) with qualified corporate interest in its capital;
- b) with qualified corporate interest, direct or indirect, in its capital;
- c) with effective operating control or predominance in the resolutions, irrespective of corporate interest; and
- d) with an officer or director in common.

A qualified interest is an interest, direct or indirect, held by individuals and legal entities in the capital of the institutions referred to in art. 1 or interest held by these institutions in the capital of legal entities, equivalent to 15% or more of the shares or units of ownership.

The financial institutions and the lease companies must establish **until April 1, 2019**, a policy for credit transactions with related parties; the policy must be:

I - approved by the board of directors or, if the institution has no board of directors, by its executive board; and

II - made official in a specific document available to the Brazilian Central Bank jointly with the complete list of amendments.

The financial institutions and the lease companies must keep updated registers identifying all related parties and keep them for at least five years after the date each party is no longer considered a related party.

This Resolution takes effects on January 1, 2019.

See [CMN Resolution no. 4693/2018](#).

5) Brazilian Central Bank - BACEN CIRCULAR No. 3915, OF 10/17/2018

Published in the Federal Official Journal on 10/19/2018, this Circular provides for the preparation and forwarding of information related to the financial instruments used as guarantee for the Credit Guarantee Fund (FGC) by the financial institutions and other institutions authorized to operate by the Brazilian Central Bank, under art. 8 of Resolution no. 4222, of May 23, 2013, related to the financial instruments guaranteed by the FGC; and by the entities that manage the registration systems or a centralized deposit of financial assets eligible for the guarantee of the FGC.

It revokes Circular no. 2912, of July 21, 1999, as from February 1, 2020.

This Resolution takes effects on January 1, 2019.

See the full text of the [Resolution](#).

6) Brazilian Securities Commission - CVM GUIDANCE OPINION No. 38, OF 9/25/2018

The CVM guidance opinion provides for the fiduciary duties of managers within the ambit of the hold harmless agreements entered into between publicly-held companies and their managers whereby the companies undertake to guarantee the payment, reimbursement or advance of funds to pay certain expenses related to arbitration, judicial or administrative proceedings involving acts performed by their managers while exercising their functions or powers..

See the full text of the [Opinion](#).

In view of the guidance in the opinion, the Superintendence of Relations with Companies [*Superintendência de Relações com Empresas - SEP*] published on 10/30/2018 [CVM/SEP Official Letter Circular 9/2018](#), with instructions to the market as to the availability of the hold harmless agreements between publicly-held companies and their managers in the Empresas.Net system.

The **new version of the E.NET will be available from 11/1/2018, through automatic update.**

The system may be downloaded through the [CVM website](#) or through the [CVM Center of Systems](#).

See the [report](#) published on CVM website.

7) NOTICE OF PUBLIC HEARING - BRAZILIAN SECURITIES COMMISSION / MARKET DEVELOPMENT SUPERINTENDENCE - CVM/SDM No. 2018

On 10/8/2018 CVM held a public hearing to discuss the draft of an Instruction that

- amends CVM Instruction 505, which sets rules and procedures to be followed in the transactions with securities at the regulated security markets; and
- revokes CVM Instruction 380, which sets rules and procedures to be followed in the transactions carried out at stock exchanges and the OTC markets via the Internet.

The changes are intended to improve the internal control of the intermediary institutions in regard to events that may interrupt their activities and cause failures in information security.

The draft provides for the need to develop a plan for the continuity of the transactions.

Concerning information security, the intermediary institutions should reinforce their protection mechanisms for the record data and transactions carried out by clients and as well as internal and external threats of cyber attacks.

The proposed changes are in alignment with the international initiatives related to the information security and the recent requirements set by the Brazilian Central Bank for the financial institutions in Resolution no. 4658/2018 issued by the National Monetary Council.

Specifically, it is recognized the challenge posed by the cyber attacks, which are using increasingly sophisticated technologies and are a serious risk for the financial institutions as they present a threat to the integrity and efficiency of the markets as well as the confidence in the financial system.

Suggestions and remarks may be sent until 11/30/2018 to the e-mail: audpublicaSDM0518@cvm.gov.br or to the following address: Rua Sete de Setembro, 111 - 23º andar - Centro - Rio de Janeiro (RJ).

The draft of the Instruction may be accessed [here](#).

8) NOTICE OF PUBLIC HEARING - CVM/SDM No. 2018

On 10/10/2018 the CVM held a public hearing to discuss the draft of an Instruction that proposes

amendments to 14 Instructions and the revocation of 4 regulations.

This action arises from the implementation of the first phase of the Strategic Project to Reduce the Compliance Costs whose aim was to check the possibility of less complex regulatory changes, with low impact and oriented to specific and isolated situations, especially those related to regulatory redundancies and overlaps.

“The capital market becomes more competitive when its rules, in addition to offering adequate protection to the investors, are clear and do not impose an unreasonable burden to those subject to them,” said CVM President Marcelo Barbosa. “This public hearing results from a careful work that identified the redundancies and had the participation of several market agents and now, we invite again the market to give its opinion in view of the broad scope of the new rule.”

To issue this notice, CVM, through a Work Group set up within the Strategic Project, invited 24 entities of the capital market to give ideas and suggestions. The employees and superintendents of the Commission also cooperated.

“The Work Group received more than 600 contributions involving, for example, obligations imposed by regulatory and self-regulatory agencies that generate significant redundant compliance costs. With focus on the scope of this first phase, the group analyzed such contributions, applied filters (for example, the time required to implement the suggestion and the complexity of the case), and produced the material to be discussed at the hearing,” explained Antonio Berwanger, CVM market development superintendent, who implemented the Strategic Project.

Berwange pointed out that the other suggestions sent to the Work Group will be duly checked. “A great part of the contributions will form what we call *Project Portfolio*, which will be developed in the next years as part of the regulatory agenda of CVM,” he concluded.

Suggestions and comments regarding the Public Hearing may be sent to the Market Development Superintendence (SDM), preferably via e-mail: audpublicaSDM0618@cvm.gov.br, **until 11/1/2018**.

Additional information: Access [draft of Instruction. Notice of public hearing](#)

9) NOTICE OF PUBLIC HEARING - BRAZILIAN SECURITIES COMMISSION / FEDERAL ACCOUNTING COUNCIL - CVM/CFC No. 2018

CVM, CFC, and the Accounting Pronouncement Committee (CPC) held a Joint Public Hearing on 10/25/2018 to discuss the draft of a resolution approving the ICPC Technical Interpretation 22 – uncertainty on the treatment of taxes on the profit.

This interpretation based on IFRIC 23 (IFRIC stands for International Financial Reporting Interpretations Committee) explains how to apply the requirements for recognition and measurement of the CPC 32 in the events of uncertainty on the treatments of the tax on profit. In such events, the entity must recognize and measure its current tax or deferred assets and liabilities applying the CPC 32 requirements based

on taxable income (tax loss), tax bases, non-used tax losses, non-used tax credits, and determined tax rates according to the new interpretation.

The new interpretation will take effect for the fiscal years as from January 1, 2019.

Suggestions and comments in regard to the Public Hearing may be sent to the Accounting Rules and Audit Superintendence, preferably via e-mail to AudPublicaSNC0218@cvm.gov.br or Rua Sete de Setembro, 111/27^o andar – Centro – Rio de Janeiro – CEP 20050-901, **until 11/26/2018**.

Additional information: Access [the draft of the Statement. Notice of public hearing](#)

10) WORK GROUP OF THE CAPITAL MARKET COORDINATED BY THE MINISTRY OF FINANCE

Re-created in May of the current year, the Work Group of the Capital Market, coordinated by the Ministry of Finance and formed by different members of the government and the private sector, defended the creation of a risk securitization market for insurance transactions which will also depend on a new law. The founder partner João Marcelo dos Santos of our Firm participated actively in the preparation of the new rule in the capacity of consultant to the National Association of Local Reinsurers (ANRE), and helped draft the bill sent to the Group.

Currently, the cession of risks to the capital markets, broadly adopted in other countries, is not possible. *“It would permit the participation of more agents of the*

capital market in this securitization process,” pointed out the executive secretary of the Ministry of Finance Ana Paula Vescovi.

According to the bill, in addition to the cession of portfolios to a reinsurer, the risks could be ceded to a fund.

A report on this subject is available on [Sindsegs](#) website.

11) The Council for Financial Activities Control - COAF AND the Accounting Court - TCU SIGNED A COOPERATION AGREEMENT

At a ceremony held on the National Money-Laundering Prevention Day (October 29), the Minister of Finance, Eduardo Guardia, the COAF

president, Antônio Carlos Ferreira, and the TCU chief justice, Raimundo Carneiro, signed the Technical Cooperation Agreement.

The purpose of the agreement is the exchange of information between COAF and TCU upon the access to their respective databases. The TCU will be able to access COAF's database when, for example, this court suspects that a transaction is intended to money laundering, and COAF, in turn, will be able to access TCU's database if it suspects of a deviation of the public funds within the ambit of the federal government, therefore, the current control mechanisms of both the TCU and the COAF will become more efficient and will be able to implement the investigation procedures more rapidly.

The [report](#) is published on the Ministry of Finance website.

CLOSED SUPPLEMENTARY SOCIAL SECURITY

1) Supplementary Social Security Superintendence - PREVIC ADMINISTRATIVE RULE No. 866, OF 9/13/2018

Previc Licensing Board published Administrative Rule no. 866, of September 13, 2018, which sets the procedures and specify the documents to support the applications for licenses.

This Administrative Rule specifies the documents required, in particular, in relation to a favorable statement of the body responsible for the supervision, coordination, and control of the sponsor. The documentation will be required only in the cases of institution of a benefit plan regulation, a

company's adhesion to a benefit plan already in operation and changes to the plan regulation that may cause a rise in the contributions where the sponsors are government-controlled companies or companies directly or indirectly controlled by the Federal Government, the States, the Federal District, and the Municipalities.

The Administrative Rule may be checked [here](#).

2) PREVIC ADMINISTRATIVE RULE No. 895, OF 9/20/2018

Previc Collective Board published Administrative Rule no. 895, of September 20, 2018, which provides for the forwarding of the applications subject to analysis by Previc via the Electronic Information System.

The Administrative Rule may be checked [here](#).

HEALTH

1) National Agency of Supplementary Health - ANS INVITATION FOR PUBLIC HEARING No. 013, OF 10/26/2018:

ANAC will hold a public hearing to obtain inputs, information, suggestions, or criticisms as to the proposal involving the methodology for the calculation and application of adjustments to the contributions to the private supplementary health, and medical-hospital plans, with or without dental coverage, contracted individually.

The public hearing will be held on November 13, 2018, from 8 AM to 5:30 PM, at the Auditorium of the

Finance and Planning Department of Rio de Janeiro, at Avenida Presidente Vargas, nº 670 - Centro - Rio de Janeiro/RJ.

Attendees must subscribe in advance until November 9, 2018, via e-mail sent to eventos@ans.gov.br, indicating the following subject:

"Audiência Pública SOBRE A METODOLOGIA DE CÁLCULO DO REAJUSTE DOS PLANOS INDIVIDUAIS/FAMILIARES"

The subscribers must inform their name, Individual Taxpayer ID - CPF, and the institution they represent or to which they are linked.

The Report on the Public Hearing will be published on the ANS website.

To access the documents related to the public hearing, click [here](#).

TAX

2) RFB NORMATIVE INSTRUCTION No. 1836, OF 10/3/2018

1) Brazilian Federal Revenue - RFB NORMATIVE INSTRUCTION No. 1835, OF 10/3/2018

This Normative Instruction, published in the Federal Official Journal on 10/5/2018, amends RFB Normative Instruction no. 1571, of July 2, 2015, which establishes that the provision of information on financial transactions of the Federal Revenue Department's interest is compulsory.

The Normative Instruction may be accessed [here](#).

This Normative Instruction, published in the Federal Official Journal on 10/8/2018, provides for the Withholding Income Tax Return [*Declaração do Imposto sobre a Renda Retido na Fonte - Dirf*] for the calendar year of 2018, special situations in 2019 (Dirf 2019), and the Dirf 2019 Generator Program (PGD Dirf 2019).

The Normative Instruction may be accessed [here](#).

3) RFB NORMATIVE INSTRUCTION No. 1837, OF 10/10/2018

This Normative Instruction published in the Federal Official Journal on 10/11/2018, amends RFB Normative Instruction no. 971, of November 13, 2009, which provides for general rules on social security taxation and collection of social contributions to the Social Security and to other entities or funds administered by the Federal Revenue Office [*Secretaria da Receita Federal do Brasil - RFB*].

The Normative Instruction may be accessed [here](#).

4) RFB NORMATIVE INSTRUCTION No. 1839, OF 10/23/2018

This Normative Instruction, published in the Federal Official Journal on 10/24/2018, amends RFB Normative Instruction no. 1685, of January 19, 2017, which sets the rules on the Digital Tax Bookkeeping (EFD) to be prepared by the IPI taxpayers (IPI stands for Tax on Manufactured Products) located in the Federal District.

The Normative Instruction may be accessed [here](#).

5) RFB NORMATIVE INSTRUCTION No. 1842, OF 10/29/2018

This Normative Instruction, published in the Federal Official Journal on 10/31/2018, amends RFB Normative Instruction no. 1701, of March 14, 2017, which instituted the Digital Tax Bookkeeping of Tax Withholdings and Other Tax Information (EFD-Reinf).

This Normative Instruction took effect on the date of its publication in the Federal Official Journal.

The Normative Instruction may be accessed [here](#).

6) ANSWER TO INQUIRY No. 116 TO THE TAX COORDINATION OFFICE - COSIT, OF 8/31/2018

According to the answer to COSIT inquiry, the benefit managing entities, as a species of the health assistance plan companies, are subject to the cumulative assessment regime, and the taxation is according to the provisions in pars. 9 to 9B of art. 3 of Law no. 9718, of 1998.

Amends the Answer to COSIT Inquiry no. 116, of April 28, 2014.

The Answer to the Inquiry may be checked [here](#).

7) ANSWER TO INQUIRY No. 126 TO THE TAX COORDINATION OFFICE - COSIT, OF 9/14/2018

According to the answer to COSIT Inquiry no. 126/2018, the financial revenues from “compulsory investments” made to form the so-called “technical reserves”, in compliance with Decree-Law no. 73, of 1966, make up the base for the calculation of Cofins in the cumulative assessment regime. These investments that are compulsory under the ruling and the daily allocation of such funds to different investments provided in law are a proper business activity, as the law establishes that it is inherent in and indispensable to the development of the purposes of any and all insurers. For this reason, the development of such activity is encompassed by the invoicing concept, understood as the gross revenue a legal entity obtains when fulfilling its corporate purpose.

The exchange rate changes, as a species of financial revenues, make up the base for the calculation of the Contribution for Social Security Funding - COFINS payable by the insurers, provided that linked to the typical transactions of those entities, such as formation of technical reserves, insurance contracts executed abroad, and issuance of policies in foreign currencies.

The interest related to the installment payment of insurance premiums is not a financial revenue as, in fact, it is an integral part of the negotiated insurance. As a supplement of the sale price, they necessarily form the base for the calculation of the COFINS payable by the insurers.

The answer to the inquiry in question is partly linked to the answer to COSIT inquiry no. 83, of January 24, 2017. The Answer to the Inquiry may be checked [here](#).

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