

INFORMATION REPORT

JULY 2019

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INSURANCE AND OPEN SUPPLEMENTARY SOCIAL SECURITY

1) Private Insurance Superintendence - SUSEP CIRCULAR No. 589, OF 7/5/2019

[SUSEP Circular no. 589, of 7/5/2019](#), was published in the Federal Official Journal (DOU) on 7/8/2019. This Circular amends SUSEP Circular no. 529, of 2016, which established the procedures related to the production of evidence in proceedings for organization; operation authorization; changes in the controlling interest; corporate restructuring, acquisition or expansion of direct or indirect interest; installation of, change to, closing of offices or representations; cancellation of operation authorizations; capital increase or decrease; and

amendments to articles of incorporation, of any type, of insurers, capitalization companies, local reinsurers, and open supplementary social security entities (EAPC).

In brief, this new Circular establishes that the publicly traded companies of the insurance sector will be treated as companies with stock widely held, therefore as a “corporation.” The purpose is to recognize the existence of more complex corporate structures by changing some of the requirements set in the previous Circular to make them more comprehensive and give flexibility to the rule.

On the one side, this change may be deemed positive because legal entities with more complex structures many times encounter difficulties to prove that all requirements set in SUSEP Circular no. 529 have been met. On the other side, this Circular fails when it considers that companies listed in the stock exchange will never have a controller, which is a gross simplification of what actually happens.

It may be said that the new Circular was enacted within the ambit of the negotiation among the IRB members to make the sale of shares of the Federal

Government, Banco do Brasil, and Federal Savings Bank viable, especially as a condition for the other controllers not to sell their shares immediately.

It should be noted that the IRB transaction is good news not only to IRB but also to SUSEP and the entire insurance market because the majority control exercised by the government, which also holds a golden share, was, in the past, the cause of many regulatory actions not desired by SUSEP to protect the IRB

2) BNDES ANNOUNCES THE SALE OF THE SHARES OF IRB BRASIL RESSEGUROS HELD BY THE FEDERAL GOVERNMENT

Still in the context of SUSEP Circular no. 589, of 7/5/2019, the Brazilian Bank of Economic and Social Development (BNDES) announced on 7/5/2019 the [sale of the common shares](#) of Brazilian Reinsurance

Institute (Instituto de Resseguros do Brasil - IRB Brasil RE) held by the Federal Government.

According to BNDES, the shares will be sold in compliance with the government's decision to sell non-strategic assets. However, the government will keep its golden share, which gives it veto power on strategic decisions.

The public offering of these shares was carried out jointly with BB Seguridade, an insurance company of Banco do Brasil that held approximately 47.5 million shares. The shares held by the government corresponded to 11.7%, and the sale resulted in a transfer of R\$ 3.2 billion to the Brazilian Treasury.

All shares corresponded to 27% of RB's capital and were sold for R\$ 7.4 billion, that is, each share was sold for R\$ 88.00.

3) ADDITIONAL CHECKLIST - RENTAL SURETY INSURANCE (JULY/2019)

SUSEP published July 2019 version of the Additional Checklist for Rental Surety Insurance, which obeys the provision of National Council of Private Insurance - CNSP Resolution no. 202/2008 and SUSEP Circular no. 587/2019.

According to that document, which may be checked [here](#), all insurers must observe the List when preparing their Rental Surety Insurance plans, in addition to the Checklist for Damage Insurance.

4) AGU PROHIBITS THE OPERATION OF INSURERS THAT ARE NOT IN GOOD STANDING

As [informed by the General Counsel to the Federal Government](#) (AGU), on 7/29/2019, the sale of

insurance contracts by seven vehicle protection associations with irregular operations was suspended.

These associations offered vehicle protection to their associates under contracts that provided for compensation for damages caused to their cars. However, they were not authorized by SUSEP to sell insurance policies and added to this, they did not comply with the legislation of the sector.

SUSEP verified the irregularity and, jointly with AGU, went to court to require an order for the entities to be prohibited from selling the contracts. In addition to not meeting the requirements imposed on the insurers in Brazil, the irregular operations of the entities are considered unfair competition due to the low prices charged.

AGU's claims were granted by the 5th Panel of the Federal Regional Court of the 1st Region, which held that the associations' operations in the insurance market are illegal and, as a result, they were prohibited from selling the policies.

5) SUSEP CIRCULAR No. 590, of 7/29/2019

[SUSEP Circular no. 590, of 7/29/2019](#), published in DOU on 7/31/2019, amends SUSEP Circular no. 517, of July 30, 2015, and revokes SUSEP Circular no. 344, of June 21, 2007, and arts. 108-M and 108-N of SUSEP Circular no. 517, of 2015.

The Circular, that takes effect on January 1, 2020, adjusts procedures related to the governance of the supervised entities. Among others, it provides for the formal approval or removal of the Risk Manager, and the related communication to SUSEP; sets guidelines for fraud prevention, detection, and fight, according to the Risk Management Policy; and addresses the Risk Manager's annual report and the schedule for training on the Risk Management Structure.

6) CALL FOR SUSEP PUBLIC INQUIRY No. 006, OF 7/30/2019

[Notice of SUSEP Public Inquiry no. 006, of 7/30/2019](#), was published in DOU on 7/31/2019 with the draft of a Resolution that, if approved, will amend National Council of Private Insurance - CNSP Resolution no. 168, of December 17, 2017. Basically, the Resolution provides that social security entities and insurers are equivalent to allow them to contract reinsurance directly.

This innovation results from a Fenaber's claim to SUSEP, in a proceeding in which it was assisted by Santos Bevilaqua Law Firm. We prepared a legal opinion stating that under Supplementary Law no. 126/2007, it is possible for social security entities to contract reinsurance directly, without the intermediation of an insurer. In the discussion about this matter, SUSEP defended a contrary position, at first in its answer to Fenaber's claim and, following, in regard to the amendment to the legislation.

Comments and suggestions may be sent within 15 days from the date of publication of the notice.

FINANCIAL MARKET, STOCK MARKET AND OTHERS

1) National Monetary Council - CMN PUBLISHES RESOLUTION ADJUSTING RULES FOR 2019/20 SAFRA PLAN

A series of CMN Resolutions were published in DOU on 7/1/2019. Among the eleven measures published, six were envisaged to regulate the measures of the 2019/20 Safra Plan, [announced by the federal government](#) in June 2019. The measures are valid for the period between July 1, 2019, date of the publication, and June 30, 2020.

2019/20 Safra Plan introduces some innovations such as reserve of R\$ 225.59 billion allocated to support

small, medium, and large producers, and the greatest part is designed for the rural credit with adapted interest rate. The amounts allocated to the Medium Rural Producer Support Program grew by 32% compared to the previous year, benefiting those joining the Program to Strengthen the Family Farming.

In this regard, the funds of the Agribusiness Credit Bills (LCA) for rural credit were expanded and the Rural Bond (CPR) is issued with adjustment by the exchange rate change. It is worth noting that the 2019/20 Safra Plan also provides for investments of R\$ 54.41 billion, at an interest rate ranging between 3% to 10.5% per year.

More importantly, the government announced that R\$ 1 billion will be allocated to contracts of rural insurance policies in the country, the highest amount ever allocated to the Subsidy Program for the Rural Insurance Premium (PSR).

Below are the Resolutions related to this matter:

I. [CMN Resolution no. 4725, of 6/27/2019](#), simplifies the rules for the participation in, and the analysis of the coverage of, the Farming Security Program (Proagro), adjusts the compensation to the agent and technician

responsible for proving losses, and amends the provisions related to the rules applicable to those responsible for proving the losses.

II. [CMN Resolution no. 4726, of 6/27/2019](#), in turn, increases the percentages of the new transfers of cash (Rural Credit Manual - MCR 6-2) for contracts of transactions under the Medium Rural Producer Support Program (Pronamp), changes the terms of agriculture funding transactions using controlled funds, changes the conditions for the prolongation of these transactions, institutes new transfers of the funds derived from Agribusiness Credit Bills (Rural Credit Manual - MCR 6-7), simplifies the credit facility related to the Price Guarantee Program for Family Agriculture (FGPP), and makes other adjustments to Chapter 6 of the Rural Credit Manual (MCR).

III. [CMN Resolution no. 4727/2019, of 6/27/2019](#), defines the Interest Rates of the Rural Credit (TCR) to be applied to the transactions contracted from July 1, 2019.

IV. [CMN Resolution no. 4728/201, of 6/27/2019](#), defines the financial charges and payment performance bonus for the rural transactions carried

out with funds of the Constitutional Financing Funds for the period from July 1, 2019 to June 30, 2020.

V. [CMN Resolution no. 4729/2019, of 6/27/2019](#), adjusts the rules to be applied to the transactions performed under the Program to Strengthen the Family Farming (Pronaf) addressed in Chapter 10 of the Rural Credit Manual (MCR).

VI. [CMN Resolution no. 4730/2019, of 6/27/2019](#), adjusts the general rules for the rural credit applied from July 1, 2019.

2) CMN RESOLUTION No. 4732, OF 6/27/2019

Published in DOU on 7/1/2019, [CMN Resolution no. 4732, of 6/27/2019](#), amends Resolution no. 3427, of December 21, 2006, and re-defines the frequency of the Risk Monitoring Report of the Securities and Exchange Commission of Brazil (CVM).

This resolution amended art. 2, sole paragraph, item II, of [Resolution no. 3427](#), which established that the

policy to be observed by the stock market and set the general guideline to direct CVM's core activities were the adoption of the risk-based model of regulation and supervision, with the implementation of a Risk-Based Supervision System for the stock market.

The amendment modifies one of the institutional mechanisms of the Risk-Based Supervision System (SBR) to be implemented by CVM and establishes that the Risk Monitoring Report will be annual instead of half-annual.

3) CMN RESOLUTION No. 4,733, OF 6/27/2019

Published in DOU on 7/1/2019, [CMN Resolution no. 4733, of 6/27/2019](#), regulates the conditions for the issuance of Financial Bills by the financial institutions. These Bills are a sort of fixed income investment made by financial institutions for a long-term return.

The Resolution establishes a new regulation for those bills, removing some restrictions to expand the

negotiations and will take effect on October 1, 2019. Among the most relevant amendments to the Resolution is an expressive reduction to the minimum amount of the Financial Bills without subordination clause (from R\$ 150 thousand to R\$ 50 thousand) and the possibility of the Brazilian Central Bank regulating authorizations for the use of funds raised through Financial Bills in the formation of the Reference Equity.

4) CMN AND BACEN SET NEW RULES FOR THE RECORDING AND GUARANTEE OF RECEIVABLES

Published in DOU on 7/1/2019, the Regulation and the Circular of the National Monetary Council (CMN) and the Central Bank of Brazil (BACEN), respectively, bring significant changes to the provisions on receivables.

[CMN Resolution no. 4726, of 6/27/2019](#), sets conditions and procedures for the financial institutions

to discount receivables deriving from payment agreements within the Brazilian Payment System based on post-paid accounts and deposit accounts as well as from credit transactions guaranteed by those receivables; it also amends art. 2 of Resolution no. 4593, of August 28, 2017.

[BACEN Circular no. 3952, of 6/27/2019](#), provides for the recording of receivables deriving from transactions under payment agreements based on post-paid accounts and deposit accounts within the Brazilian Payment System (SPB).

5) DECREE No. 9854, OF 6/25/2019

The Presidency published in DOU on 6/26/2019 [Decree no. 9854, of 6/25/2019](#) instituting the National Plan of the Internet of Things (IoT), which provides for the Management and Monitoring Chamber for the Development of the Machine-to-Machine Communication System and the Internet of Things. This is an initiative of the Ministry of Science, Technology, Innovations and Communications

(MCTIC), the Ministry of Economy, and the Brazilian Bank of Economic and Social Development (BNDES) together with the civil society.

In brief, the term Internet of Things refers to the interconnection of physical things with the Internet. In other words, it is a large set of digital devices operating over global-scale networks and interconnected by the most different objects that connect themselves over the network, such as devices, systems, and intelligent services able to capture data, analyze them, propose solutions and even perform tasks.

The purpose of the Plan is to ensure benefits to the country with the IoT, and for this reason, the Management and Monitoring Chamber for the Development of the Machine-to-Machine Communication System and the Internet of Things (IoT Chamber) is created to monitor the implementation of the Plan. The Decree is not only one of the goals of the 200 days of Jair Bolsonaro administration but also a consequence of [Decree no. 9319, of March 21, 2018](#), which creates the National System for the Digital Transformation and establishes the governance structure of the Brazilian Digital Transformation Strategy (E-Digital).

6) GOVERNMENT ANNOUNCES NEW RULES FOR AN EFFICIENT RECALL SERVICE

After the Ministry of Justice and Public Security has published data on the low rate of the effectiveness of recall warnings, [the government announced new rules to make this service more effective](#), to prevent risks to the consumer. To this end, two administrative rules were published in DOU on 7/2/2019 seeking to increase the visibility and reach of the recall campaigns, reinforce the National Consumer Protection Policy, and protect the health and life of the citizens.

Minister of Justice and Public Security Sergio Moro signed a document that updates the regulation of the recall campaigns following the recommendations of the National Consumer Department (Senacon). That document is [Administrative Rule no. 618, of July 1, 2019](#), which provides for the procedure to inform the public about the harmfulness or perils of products and services that have already come on the market.

Moro and the Ministry of Infrastructure, Tarcísio Freitas, also signed an inter-ministry administrative rule that created the National Vehicle Recall Warning System, a partnership mediated by Senacon and the Brazilian Traffic Department (Denatran), to increase the efficiency rate of the recall campaigns involving vehicles, reducing the risk of accidents. [Administrative Rule no. 03, of July 1, 2019](#), therefore, sets rules for the recall procedures, replacement of parts or repair of vehicles considered harmful or dangerous after their introduction in the consumer market.

7) CVM HOLDS A PUBLIC HEARING ON AUTONOMOUS AGENTS

CVM held a [public hearing](#) on autonomous agents. The text discusses the regulation of such agents and raises questions about exclusivity, compensation transparency, and corporate structures of those professionals. The purpose is to obtain the market vision of the subject to improve the activities of these agents and other professionals that operate in the

area of distribution of securities. Suggestions may be sent until 8/30/2019, the deadline of the inquiry.

8) Federal Accounting Council - CFC RESOLUTION No. 1567, OF 5/16/2019

[CFC Resolution no. 1567, of May 16, 2019](#) was published on 7/12/2019 in DOU. It amends CFC Resolution no. 1055/2005 that created the Accounting Pronouncement Committee (CPC), specifically articles 2 to 9.

In sum, the resolution provides for the formation of the CPC and the procedure for the appointment, invitation, approval, and removal of their members; the approval of Technical Pronouncements, Instructions, and Interpretations; the activities to be performed by CPC; the obligation to submit to public inquiry all drafts of technical documents and the structure of the hearing process; and the election of coordinators, among others.

9) National Land Transportation Agency - ANTT RESOLUTION No. 5850, OF 7/16/2019

Published in DOU on 7/16/2019, [ANTT Resolution no. 5850, of 7/16/2019](#) relates to [Public Hearing no. 1/2019](#) intended to clarify specific procedures for tariff revision that were not addressed in the concession contracts of the 3rd Stage of the Federal Highway Concession Program (Procofe).

In sum, this resolution establishes procedures to be followed by ANTT aiming at the economic and financial balance of highway concession contracts.

[According to ANTT](#), “the purpose is to supplement the provisions of the concession contracts of the 3rd Stage and 2nd Stage-Phase II of Procofe in regard to the tariff revision and to list in a specific rule the guidelines for the tariff revision through the Original Cash Flow (FCO) and Marginal Cash Flow (FCM), which also comprise other highway concessions.”

10) DECREE No. 9916, OF 7/18/2019

This [Presidential Decree no. 9916, of July 18, 2019](#), was published in DOU on 7/19/2019. It sets the general criteria for appointment to commissioned positions and positions of trust in the direct federal government, autonomous government agencies, and federal foundations.

As decreed by President Jair Bolsonaro, the bodies and entities of the direct federal government, autonomous government agencies, and federal foundations must fulfill those general criteria for appointment to commissioned positions or positions of trust in the Superior Direction and Assistance Group (DAS) or Commissioned Functions of the Executive Branch (FCPE) provided in art. 2 of Decree no. 9727, of March 15, 2019. This rule took effect on August 1, 2019.

11) DECREE No. 9920, OF 7/18/2019

[Presidential Decree no. 9920, of July 18, 2019](#), was published in DOU on 7/19/2019. This decree institutes the Council for Preparation and Monitoring of the Process for the Federative Republic of Brazil to Be Member of the Organization for Economic Cooperation and Development - Brazil Council (OECD). It also revokes the Decree of February 17, 2005, which created the Inter-Ministry Work Group within the Foreign Ministry for similar purposes.

[OECD](#) is an intergovernmental economic organization founded in France in 1961 to promote the principles of the representative democracy and market economy, providing a political comparison platform to solve problems common to all governments and coordinate internal and external policies.

Brazil, which is a key partner of the organization since the 1990s, requested to be a member of OECD – considered [“a club of the richest countries”](#) – about two years ago jointly with other five countries. This year,

[the President of the United States of America made public his support](#) for Brazil’s process to be an OECD member.

According to the Decree, the Brazil Council is liable for approving the government strategy for the preparation and monitoring of the process for Brazil to be an OECD member; approving the integrated and articulated communication policy of the bodies represented in the Brazil Council - OECD in regard to the matters related the preparation and monitoring of the process for Brazil to be an OECD member; and directing the work of the Managing Committee.

The Brazil Council will be formed by the President’s Chief of State, who will coordinate the Council, the Head of Foreign Relations, the Head of Economy, and Head of the Secretariat-General of the Presidency. The Managing Committee will be formed by a representative of the Office of the President’s Chief of Staff, who will coordinate the Committee, the Foreign Ministry, the Ministry of Economy; and the Secretariat-General of the Presidency

12) CVM SUBMITS TO INQUIRY THE REGULATION OF AUTONOMOUS INVESTMENT AGENTS

CVM submitted to [public inquiry](#) the regulatory options to update CVM Instruction no. 497/2011 – which provides for the autonomous investment agents (AAI) – and to improve the distribution of securities. The notice of this Public Inquiry may be accessed here and those interested may present suggestions until 8/30/2019.

One of the pillars of the Inquiry is the exclusivity of the link between AAIs, whether individuals or legal entities, and the institution that is part of the system for the distribution of securities and the respective impacts on the industry, also at the competitiveness level, as well as alternatives to this model. According to the Notice, “in its routine interactions with the market, CVM has been discussing the elimination of the exclusivity. In this regard, in alignment with the issue of the simple company, an option to be contemplated is a segmentation with requirements

related to size and structure for those autonomous agents that wish to operate as an intermediary.”

Recently, CVM stated that the autonomous agents are prohibited from selling supplementary social security plans because such plans are considered securities and are not included in the limited scope of the agents’ activities.

13) Brazilian Securities Commission/Institutional Investor Relationship Superintendence - CVM/SIN OFFICIAL CIRCULAR LETTER No. 08/19

On 7/24/2019, CVM SIN issued [CVM/SIN Official Circular Letter 08/19](#), with instructions for the securitization companies in regard to the periodical and occasional information about the issuance of Real Estate Receivables Certificates (CRIs) and Agribusiness Receivables Certificate (CRAs).

According to the Official Circular Letter, from October 2019, the Certificates must be sent through the Fundos.NET system, following the procedures described in the Circular Letter.

14) Brazilian Central Bank - BACEN CIRCULAR LETTER No. 3962, OF 7/24/2019

On 7/25/2019, the Financial System Regulation Department of the Brazilian Central Bank published in DOU [Circular Letter no. 3690, of 7/24/2019](#). The Letter creates accounting items to be included in the Accounting Plan of the Institutions of the National Financial System to record payment transactions and allow the assessment of the adjusted owners' equity of the payment institutions.

The document inserts in the Accounting Plan of the Institutions of the National Financial System (Cosif) accounting items and subitems, defines their functions and addresses the recordings to be made by the

institutions. The Letter applies to accounting documents prepared from the base date of August 2019.

15) DECREE No. 9936, OF 7/24/2019

Published in DOU on 7/25/2019, [Decree no. 9936, of 7/24/2019](#), regulates Law no. 12414, of June 9, 2011, which regulates the creation of and access to databases with information on the payment performance of individuals and entities to obtain a credit report.

In sum, the Decree regulates the so-called 'Cadastro Positivo' (Positive Record), and give instructions to the institutions as to how to use the consumers' data.

Among others, the document: (i) contains a series of determinations about the possibility of access to personal data; (ii) defines the conditions and requirements for the operations of database managers; (iii) requires a data security, integrity and

confidentiality certificate; (iv) defines the form of the credit report for better understanding; (vi) addresses the institutions' conduct in case of supply or leakage of data; and (v) determines who may assess the data of the users, which may also cancel their registration or order the reopening of their record.

The document also contains a model of the authorization for the credit background be made available to the public.

16) CMN RESOLUTION No. 4735, OF 7/29/2019

[CMN Resolution no. 4735, of 7/29/2019](#), was published in DOU on 7/31/2019. This Resolution and its Appendices approve the guarantee prices listed in table 3 of "Appendix I - Tables of the guarantee prices for products supported by PGPAF" of Section 15 (Price Guarantee Program for Family Agriculture - PGPAF) of Chapter 10 (Program to Strengthen the Family Farming - Pronaf) of the Rural Credit Manual (MCR). The Resolution also adjusts the rules to be

applied to the transactions carried out within the *Mais Land* and Agrarian Reform Fund, provided in Section 1-A of Chapter 12 (Special Programs) of the Rural Credit Manual (MCR).

17) CMN RESOLUTION No. 4736, OF 7/29/2019

[CMN Resolution no. 4736, of 7/29/2019](#), was published in DOU on 7/31/2019. It amends items 16 and 17 of Section 7 of Chapter 2 of the Rural Credit Manual (MCR) to provide for the routine communication to authorities about irregularities in rural credit transactions.

According to these items, "in the event of identification of crimes or tax frauds, the financial institution will inform the Prosecution Office or the tax authorities about the facts and, whenever possible, will send them documents evidencing the irregularities, without prejudice to the compliance with Supplementary Law no. 105, of January 10, 2001, if applicable". The document also determines that in such cases, the

financial institutions will keep those communications on their files and available to the Brazilian Central Bank for a period corresponding to the statute of limitations.

18) BACEN AND CMN PROVIDE FOR THE CREDIT RECORD AND DATABASE MANAGERS

[CMN Resolution no. 4737, of 7/29/2019](#), was published in DOU on 7/31/2019. This Resolution establishes that the financial institutions and other institutions authorized to operate by the Brazilian Central Bank will provide database managers with information for the creation of credit reports on the payment performance of individuals and legal entities, as determined under Law no. 12414, of July 9, 2011. The Resolution also provides for the conditions to obtain and cancel the registration of those managers.

The document deals with the provision of information to database managers, the registration of the

database managers, the control group, and the functions of the director responsible for the database and the director responsible for the information security policy, as well as the cancellation of the registration. The Resolution also establishes that the Brazilian Central Bank may request all information, explanations or documents deemed necessary. It also provides that the Central Bank will give instructions for the compliance with the Resolution. This Resolution, therefore, revokes Resolution no. 4172, of December 20, 2012.

Still, in regard to this subject, the Brazilian Central Bank published [Circular no. 3955, of 7/29/2019](#), in DOU on 7/31/2019. This Circular no. 3955 sets the procedures to be followed in the registration of the database manager concerning the information on the payment performance addressed in Law no. 12414, of June 9, 2011, provided by financial institutions and other institutions authorized to operate by the Central Bank, as well the procedures to cancel the registration, communicate the appointment or removal of the responsible director, and communicate any change in the control group.

In this regard, the Circular deals with the documents supporting the registration of the database director; the appointment of the director responsible for the database management and the director responsible for the information security policy; changes in the control group; requests for cancellation of the registration; and the documents and information to support such procedures. The Appendix to the document lists the essential data.

19) BRAZILIAN CENTRAL BANK - BACEN CIRCULAR LETTER No. 3964, OF 7/30/2019

Published in DOU on 7/31/2019, [BACEN Circular no. 3964, of 7/30/2019](#) amends Circular Letter no. 3952, of June 12, 2019, which sets the procedures to assess the compliance with the compulsory application of cash deposits obtained by the financial institutions to oriented productive micro-credit transactions.

The document added an item with code “CodItem 1127” to the Dictionary of Domains, defining it as “balance of Credits obtained by Cooperative and SCM - immediate application,” corresponding to funds raised for immediate application and to part of the amounts informed in CodItem 1124”. It establishes that the information related to the new item must be provided only on the last business day of the period and that the calculation to define the non-applied amount of the cash deposits obtained by the financial institutions in oriented productive micro-credit transactions to be paid to the Central Bank.

This new Letter Circular took effect on the date of publication, producing effects from the calculation period of July 1 to 30, 2019; the compliance will occur from August 20 to September 19, 2019.

CLOSED SUPPLEMENTARY SOCIAL SECURITY

1) NATIONAL SUPPLEMENTARY SOCIAL SECURITY SUPERINTENDENCE - PREVIC INSTRUCTION No. 013, OF 6/28/2019;

Published in DOU on 7/3/2019, [Previc Instruction no. 13, of 6/28/2019](#), issued by Previc Collective Board, establishes the procedures for the certification and qualification of managers of closed supplementary social security entities (EFPC), among other provisions.

The Instruction establishes that the certification, through a process carried out by an independent certifying institution, will attest that the technical requirements for this function were met. The final

approval will be analyzed by the Licensing Board (Dilic).

According to the document, the technical capacity required from the certifying institutions includes: (i) expertise in the issuance, safeguarding, control, and renewal of technical certificates; (ii) alignment of the certificates compatible with the technical requirements necessary for the position or function in the EFPC; and (iii) a routine of exchange of information about the issued certificates.

Among other determinations, the Instruction also sets the minimum requirements for the qualification: (a) proven professional experience of at least three years in the financial, administrative, accounting, legal, inspection, actuarial or audit areas; (b) no imposition of administrative penalty for violation of the social security legislation, including the supplementary social security legislation, or as a civil servant; (c) no imposition of unappealable criminal sentence; unblemished reputation; and certificate issued by a certifying institution accredited by Previc.

This Instruction, which revoked Previc Instruction no. 6, of May 26, 2017, came into effect on the date of publication.

2) PREVIC ADMINISTRATIVE RULE No. 560, OF 6/28/2019

Published in DOU on 7/3/2019, [Previc Administrative Rule no. 560, of 6/28/2019](#), lists the certificates required for positions or functions in closed supplementary social security entities (EFPC).

The list of the certifying institutions and the certificates required for each position is shown in the Appendix to the Administrative Rule. This Administrative Rule came into effect on the date of publication and revoked Administrative Rule no. 169, of February 27, 2018.

3) PROVISIONAL PRESIDENTIAL DECREE - MP No. 889, OF 7/4/2019

Published in DOU on 7/24/2019, [MP no. 889, of 7/24/2019](#), among other provisions, amends Supplementary Law no. 26, of September 11, 1975, and Law no. 8036, of May 11, 1990. This MP changes the rules for withdrawals from active and inactive Guarantee Fund for Length of Service - FGTS accounts and introduces the following innovations:

Withdrawals of R\$ 500.00 from active accounts, and, if applicable, withdrawals of R\$ 500,00 from inactive accounts are authorized. The amount must be withdrawn until the deadline of March 31, 2010.

From 2020, an annual withdrawal will be possible subject to a maximum percentage limit established considering the account balance. It should be noted that the “birthday withdrawal” is an alternative to the withdrawal upon the employment termination. Those who wish to opt for the new modality must inform about their option to the Federal Savings Bank (CEF)

as from October 2019, however, the option will be valid only after a period of at least two years.

The MP also establishes that the workers will receive the distribution of 100% of the FGTS income, and the total gain will be divided by the number of workers; all workers will receive the same amount to be deposited in August.

Finally, the withdrawal of all funds of the Social Integration Program PIS-Pasep account will be possible from August 2019 at the Branches of the Federal Savings Bank (CEF) and Banco do Brasil. This determination is valid for an indefinite term.

This MP came at a moment when Brazil needs this economic movement and is a strategic policy of the federal government as the GDP has been declining since 2014.

It should be pointed out that MPs take effect on the date of publication but their continuity depends on the Congress's approval within 120 days.

TAX

1) CGSN RESOLUTION No. 146, OF 6/28/2019

Published in DOU on 7/3/2019, [CGSN Resolution no. 146/2019](#) provides that the Special Unified Regime for Collection of Taxes and Contributions Payable by Micro and Small-Size Companies (Simples Nacional) will admit again those that were excluded from it on January 1, 2018.

According to the Resolution, micro-entrepreneurs/individuals, micro-companies, and small-size companies may opt again for the Simples Nacional, provided that they: *(i)* had been excluded from the regime; *(ii)* had joined the Special Program for Tax Compliance of Micro and Small-Size Companies opting for the Simples Nacional (Pert-SN) instituted by Supplementary Law no. 162, of April 6, 2018; *(iii)* had not been imposed on 1/1/2018 the

prohibitions provided in Supplementary Law no. 123/06.

This option must be communicated until 7/15/2019 to the Special Office of Brazilian Federal Revenue (RFB), accompanied by the request signed by the taxpayer or the taxpayer's legal representative; the organizational documents of the legal entity or equivalent entities and the respective amendments identifying those liable for their management; and the form contained in the appendix to Resolution duly completed.

According to the Resolution, the options granted will produce effects retroactively to January 1, 2018, and decisions dismissing such requests may be opposed.

2) CGSN RESOLUTION No. 147, OF 6/28/2019

Published in DOU on 7/3/2019, [CGSN Resolution no. 147/2019](#) cancels the possibility of scheduling the option for the Collection of Taxes and Contributions

Payable by Micro and Small-Size Companies (Simples Nacional). Therefore, this Resolution revoked art. 7 of CGSN Resolution no. 140, of May 22, 2018.

3) Brazilian Federal Revenue - RFB NORMATIVE INSTRUCTION No. 1900, OF 7/17/2019

[RFB Normative Instruction no. 1900, of 7/17/2019](#), was published in DOU on 7/19/2019. This Normative Instruction amends article 2, par. 1, III, of RFB Normative Instruction no. 1701, of March 14, 2017, which instituted the Digital Tax Bookkeeping of Tax Withholdings and Other Tax Information (EFD-Reinf).

By changing the dates for the adoption of EFD-Reinf, this Normative Instruction establishes that the 3rd group – which comprises those required to adopt it and are not part of the 1st, 2nd, and 4th groups – must meet this requirement from 8 AM of January 10, 2020

in regard the taxable events occurred from January 1, 2020.

According to the [official website](#), EFD-Reinf is one of the modules of the Public Digital Bookkeeping System (SPED) to be used by individuals and legal entities as a supplementation to the Digital Bookkeeping of Tax, Social Security and Labor Obligations (eSocial). The purpose is the bookkeeping of income paid and withholdings of Tax Income, Social Contribution of the taxpayer, except for those related to labor and information on the gross revenue, in order for the replaced social security contributions to be assessed.

4) RFB NORMATIVE INSTRUCTION No. 1902, OF 7/17/2019

[RFB Normative Instruction no. 1902, of 7/17/2019](#), was published in DOU on 7/19/2019. It sets rules and procedures for the submission of the Statement of Rural Real Estate Tax (DITR) for 2019.

This Instruction, which took effect on the date of publication, addresses the compulsory submission of documents for the assessment of the Rural Real Estate Tax, the term for submission, and the means available to submit them, as well as the procedures for submission after that term, rectification, and payment of the tax. The DIRT must be prepared using the ITR Statement Generating Program for 2019 (2109 ITR Program), available on the [RFB website](#).

5) Special Social Security and Labor Office - SEPT ADMINISTRATIVE RULE NO. 716, OF 7/4/2019

Published in DOU on 7/5/2019, [SEPT Administrative Rule no. 716, of 7/4/2019](#), establishes the timetable for the implementation of the Digital Bookkeeping of Tax, Social Security and Labor Obligations (eSocial). This Administrative Rule consolidates the dates for the implementation of eSocial and establishes the start

date for the compulsory participation of each of the four groups and the date for the information about events related to Worker's Health and Safety (SST) to be provided. It also consolidates the concept of billing in light of art. 12 of Decree-Law no. .598, of December 26, 1977, and describes how the information must be provided. Administrative Rule no. 716 also revokes Resolution no. 2 issued by e-Social Managing Committee on August 30, 2016.

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