
BRAZILIAN COMPANIES: ANNUAL MEETINGS AND ANCILLARY OBLIGATIONS

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I. Mandatory Provision

Brazilian legislation establishes the obligation for limited liability partnerships and corporations to hold, at least once year, within 4 (four) months as of the end of their respective corporate years, a meeting with its partners/shareholders, in order to discuss the (i) company's financial statements and balance sheets related to the previous year, (ii) the distribution of profits (if any); (iii) the approval of the managements' accounts; and (iv) the appointment of new officers, or the re-election of the current officers.

In order to hold such meetings, the company's management must comply with all the formalities set forth by the Brazilian legislation and by the articles of association of the company, such as: (i) the summoning of all partners /shareholders within the term and conditions established on the company's articles of association; and (ii) the availability, by the company's management, of the financial statements and balance sheets in advance of at least 30 (thirty) days to the meeting's date.

Please note that, all the formalities above mentioned can be dismissed in case of attendance of all partners/shareholders to the meeting. Furthermore, in case any partner/shareholder fails to attend such meeting, the decisions taken shall also bind them, provided that it is voted by the quorums established by the law and/or the articles of association, and considering that all the legal formalities were complied with.

The minutes of the annual meetings shall describe all the matters discussed and voted, and, right after its signature by all the present, drawn up in the company's Book of Minutes of Shareholders' Meetings (for corporations), or Book of Partners' Meetings (for limited liability partnerships). In addition, such minutes must be also registered before the Board of Trade of the State where the company's head offices are located, and, for Corporations, published in the State's Official Gazette.

II. Penalties

There is no legal penalty or fine for the absence of the annual meetings. However, it can be contested by the company's minority partners/shareholders, in view that they were not able to analyze the company's financial statements or to manifest about the other matters that should have been discussed.

We highlight that the annual meetings are important as a guaranty for the company's officers, as at the end of each corporate year they present the results of their offices – the approval of the financial statements and balance sheet are a release of obligations before the company and its partners/shareholders. Therefore, its absence may result in the officers' liability for any losses related to the non approved accounts.

III. Central Bank of Brazil

In addition to the obligation to hold the annual meetings, above described all companies with direct foreign investment

(total or part of its equity interest held by companies headquartered abroad) shall also register, until April 30th of each year, its annual financial information before the Electronic System of the Central Bank of Brazil.

Please note that, in case of omission of information or registration of incomplete or inaccurate information are subjected to fines up to R\$250,000.00 (two hundred and fifty thousand reais); and/or (ii) the suspension or cancellation of the company's registries with the Central Bank.

Almeida Advogados has a specialized team in the rendering of legal services related to the corporate acts and corresponding registrations before the Board of Trade and Brazilian Central Bank, as well as the following up of all needed formalities, being at disposal to clarify any of the matters dealt with in this article.