

## IFIAR 2024 Member Profile – CVM

<b>1. Jurisdiction</b>	<b>1.1 Insert the name of the jurisdiction in English:</b>  Brazil
<b>2. Member<sup>1</sup></b>	<b>2.1 Insert the name of the Member, both in the local language and in English:</b>  Comissão de Valores Mobiliários (CVM) <i>Securities Commission of Brazil</i>
	<b>2.2 Include relevant contact information, including postal address, telephone number(s), a general email address (if any) and a link to the Member’s website:</b>  Postal Address: Rua Sete de Setembro, 111 – 27º andar Rio de Janeiro, RJ, 20050-901 Brazil  Website: <a href="http://www.cvm.gov.br">www.cvm.gov.br</a>
	<b>2.3 Include the basis for establishment of the Member, as well as the legislation or regulations which provide the Member the authority/mandate with respect to audit regulation. Please describe with an appropriate level of detail the mission and responsibilities of the Member with respect to audit regulation:</b>  Authority and responsibilities are conferred mainly by the Securities and Corporation Laws, as amended (Laws Numbers 6.385/76, 6.404/76, and 10.303/01).  The Securities Law – 6.385/76 provides that audit firms and independent auditors are required to be registered with the CVM in order to audit publicly held corporations and other entities acting in the securities market.  With regard to auditing, legal provisions include powers to:  (i) supervise, oversee, and inspect auditors that audit public corporations, investment funds, and other market participants;  (ii) regulate the activities of auditors within the securities market;

<sup>1</sup> In the case where there are two or more regulators from the same jurisdiction that have been approved according to Section 2.3 of the IFIAR Charter, they together are considered as one Member. In that case, regulators are requested to include information for both organizations in the Member Profile.

	<p>(iii) register independent auditors;</p> <p>(iv) examine and make copies of work papers;</p> <p>(v) apply sanctions: warnings, fines, suspensions, and registration withdrawals.</p> <p>CVM Resolution 23 of February 25, 2021, regulates accreditation and activities of independent auditors within the securities market.</p> <p><b>2.4 Please indicate whether the Member has responsibility for the following tasks within the area of Audit Oversight:</b></p> <p><input checked="" type="checkbox"/> <b>Licensing</b></p> <p><input checked="" type="checkbox"/> <b>Registration</b></p> <p><input type="checkbox"/> <b>Audit and/or Ethics Standard Setting</b></p> <p><input type="checkbox"/> <b>Permanent Education / Continuous Training of Auditors</b></p> <p><input checked="" type="checkbox"/> <b>Inspection</b></p> <p><input checked="" type="checkbox"/> <b>Enforcement</b></p> <p><input type="checkbox"/> <b>Other:</b> _____</p>
<p><b>3. Governing Body Composition and members</b></p>	<p><b>3.1 Describe with an appropriate level of detail the current composition of the Member’s governing body, including, where possible, the names, the organization they represent (if any) and brief backgrounds of the governing body members, or provide a link to a page on your website where this information is provided.</b></p> <p><b>Mr. João Pedro Barroso do Nascimento – Executive Chairman</b> Term: 18/Jul/2022 to 14/Jul/2027</p> <p><i>Doctor and Master degrees in Commercial Law from the University of São Paulo (USP). Postgraduate in Business Law (with a concentration in Corporate Law and Capital Markets) from FGV Direito Rio. Graduated in Law from PUC-Rio.</i></p> <p><i>More than 20 years of professional experience, both (i) in law firms with recognized expertise in Business Law, focusing on the areas of Corporate Law, Capital Markets and M&amp;A Transactions; and (ii) in the corporate environment, where he was Legal General Manager of the Corporate Group, which at the time included numerous publicly-held companies in the Brazilian Capital Market.</i></p> <p><i>He has been a Full Professor at FGV Direito Rio since 2010, in the undergraduate and graduate courses. He was a member of the Special Committees on Corporate Law and Capital Market Regulation of the Federal Council of the Brazilian Bar Association.</i></p> <p><i>He is also the author of the books: (i) Defensive Measures for the Takeover of Companies; (ii) Digital Assemblies and Other Reflections of Technologies in Assemblies of Corporations; and (iii) Corporate Law Topics.</i></p>

**Mr. Daniel Walter Maeda Bernardo – Commissioner**

Term: 27/Dec/23 to 31/Dec/24

*Graduated in Civil Engineering and Law, he joined CVM as an Analyst in 2005.*

*In 2009, he took over the Division of Registrations and Authorizations, and in 2014, the Division of Markets Structure and Systems. In 2016, he became the Officer of Institutional Investor Supervision.*

*He is also the CVM representative in national forums - such as the Capital Market Initiative (IMK) and the National Strategy to Combat Corruption and Money Laundering (ENCCLA) - and international organizations - such as the International Organization of Securities Commissions (IOSCO).*

*Before starting his career at CVM, Maeda worked at the Court of Accounts of the State of São Paulo (TCE-SP) and Caixa Econômica Federal (CEF).*

**Mr. Otto Lobo – Commissioner**

Term: 07/Jan/22 to 31/Dec/25

*Bachelor of Law degree from the Pontifical Catholic University of Rio de Janeiro, Master of Law (LL.M) from the University of Miami, USA and PhD student in Business Law from the University of São Paulo - USP.*

*He was Member National Financial System Appeals Council (CRSFN) (2015-2018).*

*Hired Professor of Corporate Law and Capital Markets at FGV Direito Rio - teaching undergraduate and graduate classes (2009-2019), Professor at EMERJ - Magistracy School of the Court of Justice of the State of Rio de Janeiro and Professor of Corporate Law at Pontifical Catholic University of Rio de Janeiro since 2020.*

*He has acted as a lawyer, arbitrator and expert in matters of Corporate Law, Capital Markets and Insolvency.*

*Author of books and articles on Corporate Law, Capital Markets and Insolvency and speaker at conferences in Brazil and abroad.*

**Mr. João Accioly – Commissioner**

Term: 18/May/2022 to 31/Dec/2026

*Master in Economics from IBMEC-RJ and Bachelor of Law from PUC-Rio.*

*Co-founder of the Millenium Institute. He practiced private law for 19 years. He collaborated with the Ministry of Economy on several projects, including drafting provisions of the Provisional Measure and conversion into the Economic Freedom Law, business law and investment funds.*

*In public administration, Accioly held the positions of Secretary for the Development of Industry, Commerce and Innovation and Director of Economic Analysis, both at the Ministry of Economy.*

*At the academy, he is a visiting professor of postgraduate courses and the author of articles in specialized publications.*

**Ms. Marina Palma Copola de Carvalho – Commissioner**

Term: 02/Jan/24 to 31/Dec/28

*Professor of the Postgraduate Legal Master (LL.M.) at Insper. PhD student in Commercial Law, Master in Economic Law and Bachelor from the Faculty of Law of the University of São Paulo (USP).*

*Marina Copola holds an LL.M. from Columbia University Law School. Postgraduate in Economic Criminal Law from the Institute of Economic and European Criminal Law, Faculty of Law, University of Coimbra and the Brazilian Institute of Criminal Sciences.*

*She was a partner at Yazbek Advogados, Associate Lawyer in the Capital Markets Area of Debevoise & Plimpton in New York (2012-2015), Technical Advisor to Commissioner Otavio Yazbek at CVM (2009-2011) and International Intern at the U.S. Exchange Commission (SEC) in Washington, DC (2008). She was a member of the Market Supervision and Monitoring Committee of BBCE - Balcão Brasileiro de Comercialização de Energia S.A.*

*Ms. Copola is a member of the Brazilian Bar Association (OAB-SP) and the New York State Bar Association.*

The organizational structure includes the Office of the Chief Accountant and Auditor Supervision, with two divisions: Accounting, mainly for internal consulting, and Auditing, in charge of registration, supervision and inspections.

**3.2 What are the eligibility criteria / requirements and composition requirements for the members of the governing body? E.g. Does national legislation require representatives on the governing body from certain organizations, or with specific experience, etc.**

The governing body is comprised of an Executive Chairman and four Commissioners, chosen among persons of sound reputation and recognized competence regarding capital markets, appointed by the President of Brazil after the Federal Senate approval, for five-year staggered terms.

	<p><b>3.3 Is there a restriction or recusal process that is applicable to members of the governing body of the Member who are current or former auditors/practitioners?</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <p><b>Does this include a “cooling-off” period for former auditors?</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <p><b>If yes to either of the above, please describe:</b></p> <p>All members of the CVM governing body should comply with Federal Law No. 12.813/2013 – Conflict of Interest Law. It is established in article 5 that providing services, even if occasional, to the company whose activity is controlled, inspected or regulated by the entity to which the public agent is linked is regarded as a conflict of interest, thus governing body members can not be current practitioners. After leaving office, an intermission period of 6 (six) months (cooling-off) is required by the same law, before accepting any professional position that could pose a conflict of interest.</p>
<p><b>4. Independence safeguards</b></p>	<p><b>4.1 Please describe the national independence requirements for the governing body and its members, and legal or regulatory requirements/provisions in place that safeguard their independence from the audit profession.</b></p> <p>In addition to the restrictions imposed by Federal Law No. 12.813/2013 mentioned in 3.3 above, the Federal Code of Ethics (Decree No. 1.171/94) applies to all federal public servants, be they members of the governing body or employees. It prohibits, among other things, the use of his/her position or influence to obtain any benefit for himself/herself or third parties. Along the same lines, Law No. 8.112/90 (Federal Public Servants Act) prohibits servants from taking advantage of their position aiming at a personal or third-party gain and establishes that they must act in accordance with the Constitutional principle of administrative morality.</p> <p><b>Are employees of the Member covered by the same or separate set of independence requirements?</b></p> <p><input checked="" type="checkbox"/> Same set of requirements    <input type="checkbox"/> Different set of requirements</p> <p><b>If there are separate independence requirements for employees, please describe:</b></p> <hr/> <p><b>4.2 Are there any additional safeguards in place that provide for the Member’s overall independence from the audit profession? E.g. through the appointment process, specific Board actions, etc.</b></p>

	<p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <p><b>If yes, please describe:</b></p> <p>Please refer to the funding issue on item 5. Also, it is worth mentioning that since CVM's creation in 1976 there has never been a practitioner sitting in its governing body (Board of Commissioners).</p>
<p><b>5. Funding Arrangements</b></p>	<p><b>5.1 Describe the main funding arrangements of the Member, including the setting and approval of the budget:</b></p> <p>The main funding is the federal government budget. CVM generates its own revenues charging fees and fines from capital market participants and collecting resources from legal settlements under the Securities Act's consent decree clause. However, all resources must be sent to the central government to be included in the federal annual budget.</p> <hr/> <p><b>5.2 Is the funding free from undue influence by the profession?</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <p><b>Please describe with an appropriate level of detail the safeguards in place to prevent undue influence by the profession:</b></p> <p>As stated above, the source of CVM's funding is the federal government budget.</p>
<p><b>6. Audit Market</b></p>	<p><b>6.1 Provide the number of audit firms subject to inspections. Include an indication of the number of public interest audits (PIEs) and other audits that fall under the Member's oversight or mandate.</b></p> <p><u>Number of Audit Firms Subject to Inspections</u></p> <p>Number of independent auditors registered (<i>December, 31, 2023</i>): 350 (323 firms and 27 individual practitioners).</p> <p><u>Number of Public Interest Audits (<i>December, 31, 2023</i>)</u></p> <ul style="list-style-type: none"> <li>• Number of companies listed on B3 (formerly Bovespa): 698</li> <li>• Market Capitalization: USD 980 Million</li> <li>• Number of registered investment funds: 31,118</li> <li>• - 14,304 'mainstream' funds regulated CVM Instruction No. 555</li> <li>• - 11,629 funds-of-funds and</li> <li>• - 5,185 other funds (ABS funds (FIDCs), real estate investment funds (FILs), private equity funds (FIP), etc.)</li> <li>• AUM: USD 2.7 Trillion</li> </ul>

	<p><b>6.2 Please describe the sizes (in terms of revenue / number of listed entity clients / number of partners and audit staff / etc. – whichever measure is commonly used and available in your jurisdiction) and market shares of each of the largest audit firms in the Member’s jurisdiction.</b></p> <p>Relevant market share of the largest audit firms is estimated regarding the number of public interest audits as follows:</p> <p><u>Companies:</u></p> <ul style="list-style-type: none"> <li>• KPMG : 20%</li> <li>• Ernst &amp; Young : 19%</li> <li>• PricewaterhouseCoopers : 16%</li> <li>• Deloitte : 12%</li> <li>• Grant Thornton : 7%</li> <li>• BDO RCS : 7%</li> </ul> <p><u>Investment funds:</u></p> <ul style="list-style-type: none"> <li>• PricewaterhouseCoopers : 24%</li> <li>• Ernst &amp; Young : 24%</li> <li>• KPMG : 23%</li> <li>• Deloitte : 7%</li> <li>• BDO RCS : 3%</li> <li>• Grant Thornton : 2%</li> <li>•</li> </ul>
<p><b>7. Inspection System</b></p>	<p><b>7.1 Does the Member have the responsibility for recurring inspections of audit firms undertaking audits of public interest entities (PIEs)?</b></p> <p><input checked="" type="checkbox"/> Yes                      <input type="checkbox"/> No</p> <hr/> <p><b>7.2 Is this responsibility undertaken directly or through oversight of inspection conducted by another organization?</b></p> <p><input checked="" type="checkbox"/> Directly                      <input type="checkbox"/> Through Oversight</p> <p><b>If directly, please describe the responsibility, including the follow-up and reporting process, and the regulatory measures available to be taken as a result of inspections (if described in Question 11 Enforcement, please reference that section for details on such measures).</b></p> <p><b>If through oversight of another organization, please describe with an appropriate level of detail the other organization, its relation to the Member, its role, and the arrangements for oversight by the Member:</b></p> <p>CVM started inspections in 1978, soon after its establishment through the Securities Law (Law No. 6.385/76). The Department of On-Site Inspections</p>

	<p>used to carry the direct inspection program “on demand” i.e. on a case-by-case basis. In 2011, the Supervisory System Based on Risk – SBR was introduced and a direct periodic inspection program was implemented, in addition to the mentioned “on-demand” inspections.</p> <p>In 1999, a peer review system with recurring inspections undertaken by the Brazilian professional organization (<i>Conselho Federal de Contabilidade – CFC</i>) was implemented. The system continues to operate to this day. The CVM retains the ultimate responsibility for this system and exercises full oversight, remaining empowered to carry out its own direct inspections at any time (Resolution CVM 23/2021).</p> <p><b>7.3 Please describe with an appropriate level of detail the requirements and practices regarding the frequency of inspections:</b></p> <p>In addition to regular and recurring inspections under SBR, a number of internal and external factors may also generate inspections, such as:</p> <ul style="list-style-type: none"> <li>– financial statement reviews by CVM staff</li> <li>– results of inspections performed in public companies or investment funds</li> <li>– liaison with banking and insurance regulators</li> <li>– results of the reports produced by the peer review system</li> <li>– complaints or whistle-blowing</li> </ul> <p><b>7.4 Does the Member have its own inspection staff, use reviewers from the professional body or sub-contract to third parties, independent contractors, etc. for the conduct of inspections? Please tick the boxes that apply: (multiple responses allowed) Note that there is no need to tick a box if non-employee reviewers are used very occasionally and are not a core staffing approach.</b></p> <p><input checked="" type="checkbox"/> <b>Employees of the Member</b>                      <input type="checkbox"/> <b>Professional body</b></p> <p><input type="checkbox"/> <b>Third Parties</b>    <input type="checkbox"/> <b>Other</b></p> <p><b>Please explain below:</b></p> <p>Inspectors are public servants.</p>
<p><b>8. Licensing</b></p>	<p><b>8.1 If the Member has the responsibility for <u>Licensing</u>, please indicate whether this responsibility is undertaken directly or through oversight of Licensing conducted by another organization?</b></p> <p><input checked="" type="checkbox"/> <b>Directly</b>    <input type="checkbox"/> <b>Through Oversight</b></p> <p><b>If directly, please describe the responsibility, including any changes, with an appropriate level of detail.</b></p>



	<p>If through oversight, please indicate the name of the other organization and its composition. Also, give a description of the powers of the other organization and procedure applied, as well as the role of the Member in these procedures.</p> <p>Only auditors registered in the CVM can audit in Brazilian securities market. CVM must grant the license to auditors who meet certain requirements such as professional experience, administrative structure and registration in the Brazilian professional organization (<i>Conselho Federal de Contabilidade - CFC</i>).</p>
<b>9. Registration</b>	<p><b>9.1 If the Member has the responsibility for <u>Registration</u>, please indicate whether this responsibility is undertaken directly or through oversight of Registration conducted by another organization?</b></p> <p><input checked="" type="checkbox"/> Directly                      <input type="checkbox"/> Through Oversight</p> <p>If directly, please describe the responsibility, including any changes, with an appropriate level of detail.</p> <p>If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also, give a description of the powers of the other organization and procedure applied, as well as the role of the Member in these procedures.</p> <p>Only auditors registered in the CVM can audit in Brazilian securities market. CVM must grant the license to auditors who meet certain requirements such as professional experience, administrative structure and registration in the Brazilian professional organization (<i>Conselho Federal de Contabilidade - CFC</i>).</p>
<b>10. Audits and/or Ethics Standard Setting</b>	<p><b>10.1 If the Member has the responsibility for <u>Audit and/or Ethics Standard Setting</u>, please indicate whether this responsibility is undertaken directly or through oversight of Audit and/or Ethics Standard Setting conducted by another organization?</b></p> <p><input type="checkbox"/> Directly                      <input type="checkbox"/> Through Oversight</p> <p>If directly, please describe the responsibility, including any changes, with an appropriate level of detail.</p> <p>If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also, give a description of the powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</p> <p style="text-align: center;"><i>Non-applicable</i></p>

<b>11. Permanent Education / Continuous Training of Auditors</b>	<p><b>11.1 If the Member has the responsibility for <u>Permanent Education / Continuous Training of Auditors</u>, please indicate whether this responsibility is undertaken directly or through oversight of Permanent Education / Continuous Training of Auditors conducted by another organization?</b></p> <p><input type="checkbox"/> Directly                      <input checked="" type="checkbox"/> Through Oversight</p> <p><b>If directly, please describe the responsibility, including any changes, with an appropriate level of detail.</b></p> <p><b>If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also, give a description of the powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</b></p> <p>Regarding continuing education, CVM requires a pre-determined minimum and monitors an ongoing program performed by the Brazilian professional organization (<i>Conselho Federal de Contabilidade – CFC</i>). CFC guides, regulates and supervises the exercise of the accounting profession. Accountants and practitioners from the audit profession are involved in CFC decision-making.</p>
<b>12. Enforcement</b>	<p><b>12.1 If the Member has the responsibility for <u>Enforcement</u>, please indicate whether this responsibility is undertaken directly or through referral to other organization(s)?</b></p> <p><input checked="" type="checkbox"/> Directly                      <input type="checkbox"/> Through Referral</p> <p><b>If directly, please describe the responsibility and procedures applied (including investigations, disciplinary actions or sanctions), as well as the reporting process for disciplinary action.</b></p> <p><b>If through referral, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also, give a description of the enforcement powers of the other organization and procedures applied, as well as the role of the Member in these procedures.</b></p> <p>The CVM has regulatory, supervisory and enforcement authority over all key participants of the securities markets, including auditors. Such direct responsibilities are prescribed by two laws: Law 6.385/76 (“Securities Law”) and Law 6.404/76 (“Corporation Law”). The CVM has a range of powers, e.g., to request any information necessary to ensure effective supervision and enforcement, to conduct on-site inspections, to impose sanctions (fines, suspensions, disqualification, among others) through administrative proceedings, to enter into consent decrees (similar to settlements), and since 2017 also the authority to enter into administrative arrangements (similar to leniency agreements).</p>

CVM's process to sanction must comply with the Brazilian Constitution and with Laws 9,873/99, 9,784/99 and 13,506/17. CVM Resolution 45 (enacted on 31 August 2021) regulates the administrative proceedings that may result in a sanction.

Under Resolution 45/2021, CVM departments (including Auditor Supervision) are responsible for the investigation of administrative offences, the collection of documents and other evidence and the launching of procedures aimed at determining illegal acts.

Considering the information obtained from the investigation of administrative offences, CVM departments may:

i. Decide not to formulate an accusation piece when:

- a) It concludes that there are no wrongdoings or that punishment is no longer existent;
- b) It considers that misconduct is not relevant, that potential damage is low and that the use of other supervision tools is more effective;

ii. Formulate an accusation piece; or

iii. Propose an administrative inquiry to collect additional evidence to determine the materiality and authorship of an offence. Such inquiries are then carried out by another Department (Dept. of Enforcement).

The CVM is empowered to impose the following administrative sanctions in accordance with article 11 of the Securities Law, as amended by Law 13,506:

a) Warning

b) Fines

Limits for the application of monetary penalties were significantly increased by Law 13,506 and, subject to certain conditions, shall not exceed the greater of:

- (i) BRL 50m (approx. USD 10m), when it is not possible to verify the amount of the irregular operation, the advantage obtained, or the loss avoided.
- (ii) twice the amount of the irregular issuance or transaction;
- (iii) three times the economic advantage obtained, or the loss avoided by the wrongdoing; or
- (iv) twice the damage that the wrongdoing caused to investors.

In cases of recidivism, the above-mentioned values may be tripled.

	<p>The limits of daily fines imposed due to the non-execution of CVM orders were also increased and cannot exceed, by day of non-compliance, the greater of:</p> <ul style="list-style-type: none"> <li>(i) one-thousandth of the total individual or consolidated revenue of the economic group as per the previous fiscal year's income statement; or</li> <li>(ii) BRL 100,000 (USD 20,000).</li> </ul> <p>c) Disqualification: a temporary sanction, but it may extend for up to 20 years. It is defined as a prohibition on exercising the positions of director at a public company, at an entity that takes part in the securities distribution system or at other entities supervised by the CVM.</p> <p>d) Suspension of registration or authorization (delicensing of registered/supervised entities)</p> <p>e) Temporary prohibitions (banning supervised entities or individuals from performing certain operations within the securities market).</p> <p>Resolution 45/2021 also regulates the consent decree provision prescribed by Article 11, paragraphs 5 to 8, of the Securities Act, as amended by Laws 9,457/97 and 13,506/17. That provision allows the CVM, at its discretion and with a view to the public interest, to either suspend – at any phase preceding a first instance decision – or not launch an administrative procedure to investigate illegal acts or regulatory violations, if the defendant or accused enters into a settlement instrument agreeing to (1) cease the acts or activities deemed illicit by the CVM and (2) correct (and compensate for) any irregularities found. The settlement will imply neither an admission of guilt in the matter nor a recognition that the conduct was illicit.</p> <p>Furthermore, Law 13,506 provided the CVM with the authority to enter into <i>Acordos Administrativos em Processos de Supervisão</i> (“AAPS”).</p> <p>They allow the CVM to exonerate the offender from liability or reduce sanctions by one-third to two-thirds as the offender confesses to violating securities laws and undertakes to cooperate with investigations in identifying other violators and gathering relevant documents, among other things. This institute is akin to a leniency agreement. Different from the consent decrees, for which no admission of guilt is required, AAPS involve such admission.</p> <p>The execution of such agreement is cumulatively conditioned to: (1) the legal entity being the first to qualify among violators related to the same facts; (2) the legal entity ceasing its participation in the relevant offence;</p>
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(3) the CVM lacking sufficient evidence to convict the relevant person or legal entity at the time; and (4) the person or legal entity fully cooperating with the investigation.

CVM's Board is responsible for judging all administrative proceedings that may result in sanctions. The administrative proceeding is subject to the constitutional principle of presumption of innocence, pursuant to which the suspect has the benefit of the doubt. The standards of "beyond a reasonable doubt" and "preponderance of evidence" are not included in the Brazilian legislation. Under article 93-IX of the Brazilian Constitution and article 50 of Law 9,784/99, it is a *sine qua non-condition* that, in applying any penalty, the CVM describe the rationale to substantiate its decision in a clear, explicit, and consistent manner.

Persons affected by a CVM decision can appeal such decisions to the Conselho de Recursos do Sistema Financeiro Nacional (CRSFN) or the National Financial System Appeals Council. This body is composed of eight councils: two representatives of the Minister of Finance, one of the Central Bank, one of the CVM, and four of the market participants. The appeal process applies only to enforcement decisions. The CRSFN can carry complementary proceedings and may request the legal opinion of the Office of the Attorney General of the National Treasury (Procuradoria-Geral da Fazenda Nacional — PGFN). Judgment takes place in a public session, in which the appealing parties and their legal representatives — as well as the representative of the appealed body and the PGFN — can be heard. The judgement decision is made public on CRSFN's website.

The CVM must refer suspected crimes to the prosecutor's office. This obligation extends to any crime, not just capital markets-related.

Under Brazilian Law, the Public Prosecutor's Office has the exclusive right to bring criminal action in cases of crimes that require public criminal action (article 129 of the Constitution). Such crimes include financial crimes and those related to capital markets.

Complementary Law 105 establishes (article 9) that when the CVM, in the discharge of its functions, verifies the occurrence or encounters indications of a crime defined by law as warranting public action, they shall report to the Public Prosecutor's Office and attach all documents necessary to the verification and demonstration of the facts.

The CVM has thus no prosecutorial powers.

	<p>Similarly, article 12 of the Securities Law requires that the CVM provide to the Public Prosecutor’s Office any information relating to facts that may constitute a crime.</p> <p>Pursuant to the constitutional and legal framework, the administrative and criminal venues are independent (i.e. the same misconduct can trigger an administrative proceeding and a criminal proceeding).</p> <p>It is also worth mentioning that Law 7,913/89 empowers the Federal Public Prosecutor’s Office (“MPF”) to, ex officio or upon CVM request, adopt measures necessary to avoid losses or to obtain compensation over damages caused to securities holders.</p>
<b>13. Other Responsibilities in Audit Oversight or Audit Regulation</b>	<p><b>13.1 If the Member has the responsibility for <u>other tasks within the area of Audit Oversight or Audit Regulation</u>, please describe with an appropriate level of detail:</b></p> <p>Non-Applicable</p>
<b>14. Main Other Responsibilities of the Member outside the area of Audit Oversight or Audit Regulation</b>	<p><b>14.1 Please describe with an appropriate level of detail, the responsibility of the Member for <u>tasks outside the area of audit oversight or audit regulation</u> such as supervision of financial reporting or securities regulation:</b></p> <p>CVM’s statutory responsibilities include the supervision, oversight, inspection and enforcement of other securities market participants in addition to auditors. The supervision of financial reporting and securities regulation are also included in CVM’s responsibilities.</p>
<b>15. Member Update for public information (if any)</b>	<p><b>15.1 Are there any major news, activities, events or updates (on audit matters, the Member’s organization, the governing legislation or the authority/responsibilities) that you wish to keep the public informed of since completing last year’s Member Profile?</b></p> <p><input type="checkbox"/> Yes                      <input checked="" type="checkbox"/> No</p> <p><b>If yes, please describe these changes with an appropriate level of detail:</b></p>