

CMN RESOLUTION 4797, OF APRIL 6, 2020

TEMPORARY PRECAUTIONARY REQUIREMENTS APPLICABLE TO FINANCIAL INSTITUTIONS AND OTHER INSTITUTIONS AUTHORIZED BY THE CENTRAL BANK OF BRAZIL

In order to ensure the security, stability and regular functioning of the National Financial System, on April 6, 2020, the National Monetary Council (CMN) issued **Resolution 4797, which prohibits financial institutions and other institutions authorized to operate by the Central Bank of Brazil (BACEN)**, from performing the following acts until September 30, 2020:

- Paying interest on own capital and dividends above the minimum mandatory dividend established in the companies' bylaws or by law, as applicable
- Repurchasing its own shares, except if authorized by BACEN and provided that by means of stock exchanges or an organized over-the-counter market. The repurchased shares shall remain in treasury and for sale at a later moment, up to the limit of 5% of the issued shares, including shares already held in treasury on April 7, 2020
- Corporate capital reduction
- Increasing the compensation, fixed or variable, of managers, officers and members of the board of directors (including bonuses, profit sharing and any deferred remuneration installments or other performance-related remuneration incentives) and
- Advancing the payment of any of the previous items

The Resolution also provides that:

- (i) Amounts withheld under the terms above can neither be the subject of a future obligation nor link any form of payment of dividends in the future and
- (ii) The prohibitions above must be complied with regardless of the maintenance of resources in an amount higher than the Additional Principal Capital (ACP)

The above prohibitions apply to payments, including in advance:

- (i) Based on the results calculated on the base dates between April 7, 2020 and September 30, 2020 or
- (ii) To be made from April 7, 2020 until September 30, 2020

The prohibitions do not apply to payment related to 2019.

CMN Resolution 4797, came into force on April 7, 2020.

For more information, please contact:

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