BANCO CENTRAL DO BRASIL

New Law on Resolution Regimes

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DRAFT COMPLEMENTARY LAW

Provides Resolution Regimes for institutions licensed to operate by the Central Bank of Brazil, the Superintendency of Private Insurance, and the Securities Commission.

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DRAFT COMPLEMENTARY LAW

Provides Resolution Regimes for institutions licensed to operate by the Central Bank of Brazil, the Superintendency of Private Insurance, and the Securities Commission.

THE NATIONAL CONGRESS decrees:

CHAPTER I
RESOLUTION REGIMES

Article 1. This Complementary Law shall provide the Resolution Regimes applicable to the following legal entities:

I. Financial institutions and other institutions licensed to operate by the Central Bank of Brazil;

II. Institutions that operate financial market infrastructures;

III. Institutions responsible for the administration of stock, commodities, and futures exchanges, and organized over-the-counter markets;

IV. Insurance, capitalization, local reinsurance companies, open-end pension institutions, and other institutions licensed to operate by the Superintendency of Private Insurance; and

V. Institutions pursuant to Article 5.

Single paragraph. For the purposes of the provisios of this Complementary Law, the Resolution Authorities shall be defined as:

I. The Central Bank of Brazil, in the case of the legal entities pursuant to items I and II of the main section of this Article, even if they are also covered under item III above;

II. The Securities Commission for the legal entities governed exclusively under item III above; and

III. The Superintendency of Private Insurance, for the legal entities pursuant to item IV above.

Article 2. Resolution Regimes shall include:

I. The Stabilization Regime; and

II. The Compulsory Liquidation Regime.

Article 3. The purpose of the Resolution Regimes pursuant to the Complementary Law shall be to ensure the soundness, stability, and the normal operation of the National Financial System, the Brazilian Payments System, and the National System of Insurance, Capitalization, Reinsurance, and Open-end Supplementary Pension Plans, and the Regimes shall be subject to the following guiding principles:

I. Preservation of the public interest;

II. Preservation of continuity of functions critical to the operation of the economy;

III. Non-utilization of public funds for resolution purposes until all other sources of funds indicated in this Complementary Law have been depleted;

IV. Celerity in the application of the Resolution Regimes;

V. Collaboration and exchange of information between:

a) The Resolution Authorities;

b) The Resolution Authorities of Brazil and other jurisdictions, when a Resolution Regime is being applied to legal entities operating in Brazil and in other countries; and

c) The Resolution Authorities and the legal entities pursuant to Article 9.

VI. Identification of the impacts, and recognition of actions taken in other jurisdictions, deriving from the ordering of a Resolution Regime in legal entities that operate in this and in other countries;

VII. Preservation of value and mitigation of losses to the economy, when not in conflict with the other guidance established in this Article.

§ 1. The Resolution Authorities may enter into specific arrangements with the authorities of other jurisdictions to collaborate and exchange information, including regarding data subject to confidentiality protection pursuant to Complementary Law 105 of January 10, 2001.

§ 2. It is the responsibility of the Resolution Authorities to define functions critical to the operation of the economy and to the preservation of value.

Article 4. The Resolution Authority may adopt the Resolution Regime it considers best suited to the objectives dealt with in Article 3 in the following cases:

I. When the non-viability or the prospect of non-viability of the legal entity, evidenced by the following situtations has been acknowledged:

a) Insolvency of the legal entity;

b) Insufficient liquidity of the legal entity;

c) Failure to observe the regulatory requirements and limits to which the legal entity is subject under the relevant laws or regulatory texts, considering the adjustments determined by the Resolution Authority, even if not reflected in the legal entity's financial statements;

d) Exposure to risks incompatible with the equity and internal control structures, or that may potentially compromise the normal operation of the legal entity;

e) Failure on the part of the participating legal entity to comply with the obligations undertaken in the framework of the financial market infrastructure;

f) Occurrence of losses that may impair the normal operations of the legal entity;

g) Insufficient or inadequate establishment of technical provisions or assets as collateral to cover them, for the legal entities pursuant to item IV of the main section of Article 1, considering the adjustments determined by the Resolution Authority.

II. When repeated violations of the legal and regulatory texts governing the institution's activities, which have not been corrected as ordered by the Resolution Authority, are observed;

III. When there is failure to adopt the preventive measures provided under Article 7 or those established in the Recovery Plan provided under Article 6;

IV. When the legal entity penalized by the cancellation of its operating license fails to adopt the measures determined by the Resolution Authority to withdraw from the National Financial System, the Brazilian Payments System, or the National System of Insurance, Capitalization, Reinsurance, and Open-end Supplementary Pension Plans.

V. When the legal entity is directly or indirectly controlled by a legal entity submitted to a Resolution Regime in another jurisdiction; or

VI. When there are other situations that the Resolution Authority deems to entail risks to the normal operation or credibility of the National Financial System, the Brazilian

Payments System, or the National System of Insurance, Capitalization, Reinsurance, and Open-end Supplementary Pension Plans.

§ 1. The ordering of the Resolution Regime may occur irrespectively of the determination for the implementation of the Recovery Plan pursuant to item I of the main section of Article 6.

§ 2. When the legal entity covered by any of the cases provided for in the main section has its corporate control directly or indirectly held by another legal entity, the Resolution Authority may order the Resolution Regime in the parent company, keeping the legal entity under control in operation, if it understands that this measure is more adequate to meet the provisions of Article 3.

Article 5. The Resolution Authority may impose a Resolution Regime to the legal entities that maintain a related interest with legal entitities that it has subjected to a Resolution Regime, in which case their controlling shareholders, managers and members of statutory bodies or others established in social contract shall also be subject to the provisions of this Complementary Law.

§ 1. Related interests shall be present when the legal entities referred to in this article:

I. Belong to the same economic group or conglomerate to which the legal entity subject to the Resolution Regime belongs, including through shares in investment funds;

II. Own qualified holdings in the capital of a legal entity subject to the Resolution Regime, and their activities are integrated;

III. Have as their controlling shareholders or managers persons who manage or who hold more than qualified holdings of the capital in the legal entity subject to the Resolution Regime, and their activities are integrated;

IV. Have as their controlling shareholders spouses or family members, up to the second degree, of the controlling shareholders or managers and members of statutory bodies or others established in social contract of a legal entity subject to the Resolution Regime, and their activities are integrated;

V. Own, in their capital, qualified holdings in a legal entity subject to the Resolution Regime; or

VI. May be said to show indications that they have been used to misappropriate resources or assets of a legal person subject to the Resolution Regime.

§ 2. For the purposes of this Article, integration of activities is considered to be the following:

I. The pooling of human or material resources, including administration or information technology systems, with legal entities subject to the Resolution Regime;

II. Engagement in operations supplementary to the activities of legal entities subject to the Resolution Regime;

III. Provision of services essential for conducting the Resolution Regime or for the continuity of the business of legal entities subject to the Stabilization Regime or their successors;

IV. Ownership or possession of assets essential for conducting the Resolution Regime or for the continuity of the business of legal entities subject to the Stabilization Regime or their successors; or

V. At the Resolution Authotity's criteria, other situations that may be characterized as integration of activities.

§ 3. In the case of a legal entity that maintains related interest with a legal entity subjected to the Resolution Regime being under the area of competence of another Resolution Authority, the latter authority shall be responsible for ordering the Resolution Regime dealt with in this Article.

CHAPTER II
PLANNING, PREVENTIVE MEASURES, AND GUARANTEE MECHANISMS

Article 6. The Resolution Authority may require the legal entitites subject to its competence to prepare the following:

I. A Recovery Plan that presents the measures that shall be taken to restore the legal entity's soundness and viability should situations occur that place its business continuity at risk; and

II. An Organized Exit Plan, in which the legal entity shall indicate the measures for achieving the objectives of this Law, should the ordering of a Resolution Regime become necessary.

§ 1. The Resolution Authority may, at its own criteria, determine the execution, in total or in part, of the Recovery Plan.

§ 2. The total or partial execution of the Recovery Plan does not prevent the application of the provisions of Article 7.

§ 3. The Resolution Authority may order changes to be made to the content of the plans pursuant to items I and II of the main section.

§ 4. The criteria for the preparation of the plans pursuant to items I and II of the main section shall be in regulatory texts issued by the Resolution Authority.

§ 5. The preparation of Recovery Plans and Organized Exit Plans is mandatory for institutions that, in accordance with the regulatory texts issued by the Resolution Authority, are considered systemically important.

Article 7. With a view to protecting public interest embodied in the preservation of the soundness, stability, and regular operation of the National Financial System, the Brazilian Payments System, and the National System of Insurance, Capitalization, Reinsurance, and Open-end Supplementary Pension Plans, the Resolution Authority may order the controlling shareholders of the legal entities subject to its competence to adopt one or more of the following measures:

I. Capitalize the legal entities with the contribution of resources required for them to operate normally, in the amounts defined by the Resolution Authority;

II. Transfer the controlling interest of the legal entity;

III. Reorganize the legal entity's corporate structure, including through incorporation, merger, or spin-off;

IV. Segregate activities, including through the establishment of companies, so that the services considered relevant for the execution of the Resolution Regime can continue to be provided;

V. Change the legal entity's financial, operational, and legal structure, business plans and practices, risk management systems, and risk exposure;

VI. Restructure the economic group to place it under the control of a single holding company;

VII. Arrange loans with legal entities in its same conglomerate or economic group, in the amounts required to enable it to operate normally; or

VIII. Transfer, in whole or in part, assets, rights, obligations, contracts and other liabilities of the legal entity.

IX. Hire a specialized legal entity to evaluate the liabilities and assets of the legal entity and the quality of its capital stock, and to produce an estimate of its paying capacity, in accordance with the parameters defined by the Resolution Authority;

X. Suspension of:

a) Payment of dividends and values due to the distribution of results or of surpluses, as well as of the participations referred to in item VI of the main section of Article 187, of Law 6,404, of December 15, 1976; or

b) Payment or increase in the remuneration of managers, including in the part relative to variable remuneration; and

XI – Sustitution of members of statutory bodies or of managers.

§ 1. The measures provided under this Article may be adopted even if the legal entity is not subject to the assumptions provided under Article 4.

§ 2. Companies referred to under item VI above shall be regulated and supervised by the Resolution Authority.

§ 3. Dividends and surpluses that remain unpaid in accordance with the manner specified under indent (a) of item X of the main section shall be registered in the legal entity's net equity as special reserves until the suspension of payments is lifted.

Article 8. The Resolution Authorities may order legal entities under their competence to establish:

I. Credit Guarantee Funds; and

II. Resolution Funds.

§ 1. Credit Guarantee Funds shall have the following functions, in connection with their member legal entities, and be subject to the form and limits provided in their bylaws:

I. To provide guarantee to the owners of financial instruments issued or raised by member legal entities;

II. To carry out special operations to provide liquidity or financial support to member legal entities, directly or through companies indicated by them or through their controllers; and

III. To carry out other operations related to the execution of the objectives and ordinances attributed by this Complementary Law.

§ 2. Resolution funds shall have the following objectives, subject to the form and limits provided in their bylaws:

I. To grant loans to and capitalize member legal entities that have been submitted to Stabilization Regimes; and

II. To carry out other operations related to the execution of the objectives and ordinances attributed by this Complementary Law.

Article 9. Credit Guarantee Funds and Resolution Funds shall be administered by non-profit associations governed under private law and established by the legal entities pursuant to the main section of Article 1.

Single paragraph. The administration of the funds mentioned in the main section may be assigned to the same non-profit association, as long as the segregation of resources between the funds and the provisions of Article 12 are observed.

Article 10. The associations dealt with in Article 9:

I. Must comply with Article 10, items X “a”, “c”, “f”, XI, the main section of Article 10 and Article 33 of Law 4,595, of December 31, 1964, when they manage Resolution Funds or Credit Guarantee Funds established by the legal entities referred to in item 1 of the main section of Article 1 of this Complementary Law;

II. Must comply with the following, when they manage Resolution Funds or Credit Guarantee Funds established by the legal entities referred to in item IV of the main section of Article 1:

a) the following provisions of Complementary Law 109, of May 29, 2001:

1. item I of the main section of Article 37:

2. items I, III and IV of the main section of Article 38; and

3. item I of the main section of Article 39:

b) item II of the main section of Article 32 of Decree Law 73, of November 21, 1966;

c) § 1 of Article 3 of Decree Law 261, of February 28, 1967; and

d) Article 5 of Complementary Law 126, of January 15, 2007;

III. May have access to information on transactions carried out by their member legal entities, regardless of the authorization of the respective counterparts;

IV. May, in order to allow the execution of the objectives mentioned in § 1 and § 2 of Article 8, and as long as the requirements established in current regulations are met, establish a financial institution capitalized with resources from the funds mentioned in said Article.

V. Shall maintain the confidentiality of the information referred to in item III, concerning their operations and the operations of the funds referred to in Article 8, pursuant to Complementary Law 105 of 2001.

Single paragraph: in the case of a Resolution Regime in a financial institution established pursuant to item IV of the main section being ordered, the provisions of Chapter VII of this Law shall not be applicable to:

I. Their managers;

II. The legal entities referred to in Article 9 and their managers; and

III. The Resolution Funds and Credit Guarantee Funds responsible for its capitalization.

Article 11. The funds referred to in Article 8 shall be capitalized by means of contributions from their member institutions and other sources of funding provided under their bylaws, in accordance with Article 22.

Article 12. Resources of the funds referred to in Article 8 shall only be used for the purposes provided under this Complementary Law and in the bylaws of the funds, and uses not in support of their objectives shall be prohibited:

Single paragraph. Pursuant to the provisions of the main section, the resources of the funds mentioned in Article 8:

I. Constitute separate equity, apart from the resources of the legal entity managing them;

II. Are not directly or indirectly accountable with respect to any obligation of the legal entity managing them;

III. Can not be subject to arrest, restraint, search and seizure or any other act of judicial constriction due to debts of responsibility of the legal entity managing them; and

IV. Can not be given as guarantee of debts assumed by the legal entity managing them.

Article 13. The bylaws of the funds referred to in Article 8 shall be subject to the approval of the Resolution Authority competent to order the resolution of their members;

Article 14. Credit Guarantee Funds shall substitute the creditors paid out by them in the credit entitlements in connection with the guarantees they cover, and the guaranteed credits shall retain the same rankings;

Article 15. Balances not covered by guarantees under the Credit Guarantee Funds shall not be subject to any preferential rights over the credit entitlements subject to the substitution pursuant to Article 14, in which case the provisions of Article 351 of Law 10,406 of January 10 2002 (the Civil Code) shall not be applicable;

Article 16. The legal entities referred to in Article 9, within their competences, may establish self-regulation mechanisms in connection with the member legal entities that participate in the funds that they manage.

Article 17. The Resolution Authority shall share with the legal entities mentioned in Article 9 the information required for planning, development of previous actions and execution of objectives and ordinances pursuant to Articles 8, 20, 21 and 23, including information that contains data protected by confidentiality pursuant to Complementary Law 105, of 2001, which involve legal entities of the funds that they manage.

Article 18. Credit Guarantee Funds existing on the date this Complementary Law enters into force shall have a period of one hundred and eighty days to adapt their bylaws to reflect the provisions of this Complementary Law.

Article 19. The provisions of Article 68 of Law 9,069, of June 29, 1995 apply to the deposits and investment of available resources that belong to the funds referred to in Article 8.

Article 20. The Central Bank of Brazil:

I. Shal share, with the associations administering the Resolution Funds or the Credit Guarantee Funds established by the legal entities referred to in item I of the main section of Article 1, information concerning the cases provided for in Article 4 involving legal entities of the funds that they manage, including data protected by confidentiality pursuant to Complementary Law 105, of 2001;

II. May instruct the legal entities administering the Resolution Funds constituted by the legal entities referred to in item 1 of the main section of Article 1 to establish bridge financial institutions, to be capitalized by said funds, with the sole purpose of receiving assets and liabilities and give continuity to the critical functions of a legal entity subjected to the Stabilization Regime until it is taken over by a third party or discontinued; and

III. May determine the transfer, singly or jointly, of assets, rights, liabilities, contracts and other commitments of a legal person subjected to a Resolution Regime, to the bridge institution referred to in item II.

§ 1. The bridge institutions referred to in item II of the main section, while not being used to give continuity to the operations of legal entities subjected to a Resolution Regime:

I. Are not allowed to carry out any operation that is exclusive to financial institutions, except those of a preparatory nature, necessary for the performance of the functions mentioned in item II of the main section; and

II. Are exempted of the obligations characteristic of financial institutions.

§ 2. In the case of transfer, singly or jointly, of assets, rights, liabilities, contracts and other commitments of an institution subjected to a Resolution Regime, to the legal entity referred to in item II of the main section, those assets, rights, liabilities, contracts and other obligations that can not be realized shall return to the original legal entity with the same value at which they had been transferred.

§ 3. In the case of a Resolution Regime in a financial institution established pursuant to item II of the main section being ordered, the provisions of Chapter VII shall not be applicable to:

I. Their managers;

II. The legal entities responsible for the establishment of the legal entity referred to in Article 9 and their managers; and

III. The Resolution Funds and Credit Guarantee Funds responsible for its capitalization.

§ 4. Once the transfer specified in item III of the main section has been adopted, the Central Bank of Brazil shall appoint the administrators of the bridge institution, in which case apply, where appropriate, the provisions of Article 24.

Article 21. The Securities Commission and the Superintendency of Private Insurance:

I. Shall share, with the associations administering the Resolution Funds or the Credit Guarantee Funds established by the legal entities referred to in item IV of the main section of Article 1, information concerning the cases provided for in Article 4 involving legal entities participating in the funds that they manage;

II. May instruct the legal entities administering the Resolution Funds established by the legal entities referred to, respectively, in items II and IV of the main section of Article 1 to establish bridge financial institutions, to be capitalized by said funds, with the sole purpose of receiving assets and liabilities and give continuity to the critical functions of corporations submitted to the Stabilization Regime until they are taken over by a third party or discontinued; and

III. May determine the transfer, singly or jointly, of assets, rights, liabilities, contracts and other commitments of a legal entity subjected to a Resolution Regime, to the bridge institution referred to in item II.

Single paragraph: The provisions of Article 20 apply, where appropriate, to the bridge institutions referred to in this Article.

Article 22. The resolution authorities, in compliance with the guidelines established by the National Monetary Council or by the National Council of Private Insurance shall regulate, within the framework of their respective areas of competence, the minimum operating requirements applicable to the funds pursuant to Article 8, including with regard to the minimum amount of own resources, deadline for capital contributions, maximum limit for borrowing and other criteria for the definition of the contributions by the funds' members.

Article 23. Previously and without prejudice to the ordering of a Resolution Regime, if any of the situations described in Article 4 occurs to a member legal entity of a fund referred to in Article 8, the Resolution Authorities may determine that the non-profit association administering the Credit Guarantee Fund of which the target-legal entity is a member conduct a private procedure for identifying potential buyers for the equity control or for the assets, rights and obligations of the target legal entity at risk.

§ 1. The Resolution Authority shall prepare, together with the association administering the fund referred to in Article 8, an environment to conduct the procedure pursuant to the main section, preferably virtual, subject to the conditions set out in this Article.

§ 2. In the case that the legal entity at risk is not a member of a fund pursuant to Article 8, the Resolution Authority may determine that the procedure mentioned in the main section be conducted by a specialized legal entity, hired directly by the aforementioned legal entity, subject to the conditions set out in this Article and by the Resolution Authority.

§ 3. Interested potential acquirers can only participate in the private procedure after:

I. Having been previously authorized by the Resolution Authority:

II. Undertaking the firm obligation to, in case of a winning offer, acquire the equity control or the assets, rights, liabilities, contracts and other obligations being negotiated, immediately upon the ordering of the Resolution Regime in the legal entity at risk; and

III. Undertaking to guarantee the confidentiality of the existence of the private procedure and about the offer presented to the non-profit association.

§ 4. The non-profit association in charge of conducting the private procedure specified in the main section:

I. Shall disclose the rules and conditions for participation in the procedure;

II. May share with the interested legal entities that comply with the provisions of § 3 the information provided by the legal entity at risk, in accordance with regulation issued by the Resolution Authority.shall guarantee the confidentiality of the private procedure and the offers received;

III. Shall guarantee the confidentiality of the private procedure and the offers received; and

IV. Shall present the offers received to the Resolution Authority, along with its manifestation regarding the viability of each offer.

§ 5. The Resolution Authority shall decide on the offers received.

§ 6. In the case that a Resolution Regime is not ordered, the offers shall be discarded.

§ 7. In order to safeguard the objectives and guidance pursuant to Article 3, a Resolution Regime may be ordered independently of the establishment or of the conclusion of the procedure referred to in this Article.

CHAPTER III
STABILIZATION REGIME

Section I
Stabilization Regime Administrator

Article 24. The Stabilization Regime shall be executed by its appointed administrator, with full management powers, by the Resolution Authority.

§ 1. The Stabilization Regime Administrator may be:

I. A board of directors; or

II. A legal entity.

§ 2. Remuneration for the Stabilization Regime Administrator, limited to that received by the previous managers, shall be established by the Resolution Authority and shall be paid by the legal entity submitted to the Stabilization Regime.

§ 3. The Stabilization Regime Administrator shall be vested with its functions independently of the publication of the instrument through which it is appointed.

§ 4. The Stabilization Regime Administrator may be dismissed by the Resolution Authority at any time.

§ 5. Previous to his appointment, the Stabilization Regime Administrator to be designated may receive, from the Resolution Authority, information concerning the legal entity, including data protected by the confidentiality pursuant to Complementary Law 105, of 2001, in which case the provisions of Articles 10 and 11 of said Law shall be applied to the Stabilization Regime Administrator.

Article 25. The following shall be incumbent on the Stabilization Regime Administrator:

I. To oversee the course of business and the operation of the legal entity;

II. To prepare the financial statements based on the date the Stabilization Regime was ordered, to be submitted, within ninety days, subject to one extension for the same period, at the criteria of the Resolution Authority;

III. To carry out the functions of the administrator, including those incumbent on the board of directors of the legal entity, if present;

IV. To give continuity to the transactions negotiated through the private procedure referred to in Article 23;

V. To file reports with the Resolution Authority with the defined periodicity and format established by the Authority;

VI. To report to the Resolution Authority any indications of illegal practice from the criminal or administrative standpoints that come to its attention, so as to provide detailed information on the practices, in each case, of the controlling shareholders, former managers, former members of the statutory bodies or those established under the memorandum of association, former managers, agents, and representatives of the legal entity; independent auditors and individuals or legal entities involved in the reported practices;

VII. To report the ordering and the closure of the Resolution Regime to the Attorney General of the National Treasury, to the Attorney General and to the Special Secretariat of the Federal Revenue of the Ministry of Economy; and

VIII. To follow the instructions established by the Resolution Authority.

§ 1. Based on the information pursuant to item VI of the main section, the Resolution Authority shall report such occurrences to the Office of the Federal Public Prosecutor and to the competent administrative authorities.

§ 2. The Stabilization Regime Administrator shall be summoned to represent the legal entity in all judicial and administrative proceedings in which it appears as a party, or the proceedings can be deemed void.

Article 26. Former directors, former members of the statutory bodies or those established under the memorandum of association, independent auditors, staff, and agents of the legal entity subject to the Stabilization Regime, and individuals or legal entities that maintain relations through controlling interest shall be required to provide the information requested by the Stabilization Regime Administrator.

Article 27. The Stabilization Regime Administrator shall have access to information held by third parties, including by legal entities, whether or not they are related, that is of interest to legal entities subject to the Stabilization Regime, except for information that is protected by confidentiality under law.

Section II
Effects of the Stabilization Regime

Article 28. The ordering of the Stabilization Regime shall not affect the course of business or the operation of the legal entity and shall immediately give rise to:

I. The suspension of the exercise of the rights of the shareholders, quotaholders, or partners, which will be assigned to the Stabilization Regime Administrator of the authority as provided under items I to IV of the main section of Article 46 of Law 5,764 of December 16, 1971; items I, IV, VII and VIII of the main section of Article 122 of Law 6,404 of December 15, 1976; and items V and VI of the main section of Article 1,071 of Law 10,406 of January 10, 2002 – Civil Code, until the closure of the Stabilization Regime; and

II. Cancellation of the terms of the directors and any other members of the statutory bodies or of those established under the legal entity's memorandum of association.

§ 1. In the act that orders the Stabilization Regime, the Resolution Authority may exclude, from the application of the provisions of item II of the main section, all or some of the administrators and other members of the statutory bodies or bodies established by the legal entity's memorandum of association.

§ 2. The persons held in their offices by virtue of the provisions of § 1 shall form part of the board of directors referred to in item I of § 1 of Article 24.

Article 29. The ordering of the Stabilization Regime shall entail a suspension:

I. For two business days, from the date the Stabilization Regime is ordered, of the application of the contractual clauses leading to the following as a result of the ordering of the Stabilization Regime: early maturity of the legal entity's obligations, an increase in payable remuneration, requirement of additional guarantees, or any further consequences with a view to achieving similar practical results; and

II. While the Regime lasts, the enforcement of contractual clauses that determine, as a consequence of the ordering of the Stabilization Regime:

a) Cancellation of contracts for services, business leasing and rental arrangements, and similar arrangements, or any other consequence aiming to suspend the provision of goods or services contractually arranged by the legal entity; or

b) Exclusion or suspension of the status as participants in or members of financial market infrastructures or any other consequence designed to achieve similar practical results.

§ 1. This Article shall not impede the application of the measures pursuant to the main section in connection with other events not involving the ordering of the Stabilization Regime.

§ 2. To ensure the stability and the normal operation of the National Financial System, the Brazilian Payments System, and the National System of Insurance, Capitalization, Reinsurance, and Open-end Supplementary Pension Plans, the Resolution Authorities, in their respective areas of competence, may, under texts issued by them, exclude certain types of arrangements from the provisions under the main section.

Article 30. The Resolution Authority may, in the act of ordering the Stabilization Regime, order the temporary suspension of the maturity of credits against the legal entity, including those in connection with deposits and investments existing at the date of the order, for a period of up to two business days from the date the Stabilization Regime is ordered.

§ 1. Suspension of maturities pursuant to the main section shall not apply to the following:

I. Obligations undertaken with financial market infrastructures, which shall be finalized and settled pursuant to the infrastructures' regulatory texts;

II. Obligations deriving from operations with the Central Bank of Brazil, international organizations or central banks of other jurisdictions, except for the sovereign investment funds and sovereign investment vehicles similar to those of private entities;

III. Obligations deriving from the administration of the legal entity during the Stabilization Regime;

IV. Obligations with Credit Guarantee Funds or with Resolution Funds guaranteed with the assignment of credit entitlements through trust arrangements; and

V. Derivatives and repurchase arrangements linked to offset arrangements, up to the limit of such arrangements, including guarantees provided and duly established, which may be object of foreclosure.

VI. Claims of the Public Treasury, including the Government Severance Indemnity Fund - FGTS.

§ 2. The Resolution Authority may exclude, from the temporary suspension pursuant to the main section, the categories of arrangements for which the suspension of maturity may jeopardize the stability and the normal operation of the National Financial System, the Brazilian Payments System, and the National System of Insurance, Capitalization, Reinsurance, and Open-end Supplementary Pension Plans.

§ 3. The maturities of credits subject to the foregoing measures reaching maturity during the period of suspension shall be extended to the first business day after the end of the period during which the measures are applicable, in which case the rules governing interest and monetary adjustments as provided under the relevant agreement shall remain in effect until the new date.

§ 4. In the case of contracts under which reciprocal obligations are provided, the extension of the maturity referred to in § 3 shall also apply to obligations related to the payment or delivery of financial assets in favor of the legal entity under the Stabilization Regime.

§ 5. The extension of the maturity provided under § 3 and § 4 shall not constitute grounds for breach of contract and shall not give cause to the application of punitive contractual charges, including late penalties.

Article 31. The measures provided under Article 29 and Article 30 shall not impede the following:

I. Offsetting between debits and credits applied to legal entities under the Stabilization Regime; and

II. Enforcement and offsetting of guarantees covered with arrangements pursuant to the provisions of item I, including those established in offsetting and settlement arrangements within the National Financial Sytem, provided that they have been duly established and prepared prior to the date the Stabilization Regime was ordered.

Article 32. After the Stabilization Regime has been ordered, publicly traded companies shall submit the following information to the Securities Commission and to the administration agencies for the markets in which they have publicly traded securities:

I. The announcement that the Stabilization Regime has been ordered;

II. The register form as provided under regulation issued by the Securities Commission;

III. The financial statements pursuant to the provisions of item II of the main section of Article 25, and

IV. Financial reports and statements as defined by the Resolution Authority pursuant to the provisions of item V of the main section of Article 25,

Single paragraph. The administrative agency of the market in which the issuer has securities admitted for trading shall suspend the trading of securities issued by a publicly traded company following the official announcement that the Stabilization Regime has been ordered, in accordance with the procedures defined in its regulations and duly approved by the Securities Commission.

Section III
Stabilization Measures

Article 33. When the Stabilization Regime has been ordered, the Regime Administrator shall hire a specialized legal entity to assess the market value of the assets and liabilities of the legal entity submitted to the Stabilization Regime.

§ 1. In the assessment, the specialized legal entity referred to in the main section shall use the date the Stabilization Regime is ordered as a reference, and shall submit its report to the Regime Administrator and Resolution Authority within thirty days.

§ 2. The term pursuant to § 1 above shall be subject to extension at the discretion of the Resolution Authority.

§ 3. The Resolution Authority shall oversee the assessment indicated under the main section of this Article.

Article 34. The Resolution Authority may order the Stabilization Regime Administrator to carry out the following activities under the conditions the Authority establishes:

I. The transfer of the individual or combined assets, entitlements, obligations, contracts and other commitments of the legal entity or its establishments; and

II. The implementation of subsidiaries, corporate reorganization, or the spin-off of the legal entity under the Stabilization Regime.

§ 1. The transactions referred to in the main section include only the assets, rights, and obligations specified in the relevant agreements, and shall not entail the acquiring party's entitlements to the legal entity's other assets, or its liability for the legal entity's remaining obligations, including tax and labor liabilities, those in connection with labor accidents and those related to penalties imposed on the legal entity submitted to the Resolution Regime by virtue of illegal administrative practices committed until the date of the transaction.

§ 2. The activities referred to in the main section may not be contracted with an acquiring party which:

I. Has been a director or member of a statutory body or unit established under the memorandum of association of the legal entity subject to the Resolution Regime in the twelve months prior to the ordering of the Resolution Regime;

II. Has held, in the twelve months prior to the ordering of the Resolution Regime, direct or indirect interest exceeding ten percent in the capital stock of the legal entity subject to the Resolution Regime;

III. Has controlling shareholders or directors who fall within the scope of the provisions of items I and II above; or

IV. Is the spouse or family member in a direct or collateral relation up to the fourth degree of consanguinity of the persons referred to in items I and II above.

§ 3. Arrangements reflecting transactions referred to in § 1 shall provide mechanisms to ensure their economic and financial equilibrium, particularly with respect to the exclusion of liabilities for obligations excluded from the transfer of assets, entitlements, or establishments.

§ 4. Creditors for liabilities not transferred as provided under this Article shall be subject to the regime established under this Complementary Law for the receipt of their credits.

§ 5. Contracts acquired in connection with transactions pursuant to item I of the main section may be rescinded at the discretion of the acquiring party within twelve months after their acquisition, in which case they shall not constitute grounds for any indemnification to the relevant counterpartties.

§ 6. Should all or part of the legal entity's activities be transferred, the entity that acquires them shall be authorized to carry out the services required to continue its business activities, and shall be exempted from the issue of a prior operating license, including from state and municipal authorities.

§ 7. The acquirer mentioned in § 6 shall be subject to the supervision processes applicable to the transferred activity.

§ 8. The competent regulators and the authorities responsible for granting the authorizations referred to in § 6 shall establish a period of time, not less than ninety days, in order that, after assumption of the transferred activities, the acquirer obtain the necessary authorizations for the continuity of the business.

§ 9. The adoption of measures provided in the main section of this Article shall not constitute noncompliance nor cause the early maturity of the obligations of the legal entity subject to the Stabilization Regime, even if such cases are provided in the relevant arrangement.

§ 10. The adoption of the measures provided for in the main section does not constitute default or cause of anticipation of the maturity of obligations of the institution subject to the Stabilization Regime, even if such cases are provided for in a contract.

§ 11. The provisions of § 1, § 3 and § 9 apply to the transfers of assets, rights, obligations, contracts and other commitments referred to in Article 20, Article 21 and Article 23.

Section IV
The order of use of resources for loss absorption and reconstitution of the legal entity's capital (bail-in)

Article 35. The ordering of the Stabilization Regime implies the use of shareholder resources for the absorption of the losses of the legal entity subject to the Regime until the capital stock is reduced to R$1.00 (one real), in the following order:

I. Profit reserves, including the reserves referred to in § 3 of Article 7;

II. Adjustments in equity evaluation;

III. Capital reserves

IV. Capital stock

Article 36. The Resolution Authority shall determine, should the legal entity submitted to the Stabilization Regime fail to meet the requirements and operational limits to which it is subject under the laws or regulatory texts, after the adoption of the measures pursuant to Article 35, that the Regime Administrator proceed with the convertion of liabilities into shares or capital stakes, in the following order:

I. All credits held against the legal person directly or indirectly by controlling shareholders;

II. Debt instruments considered as regulatory capital under the provisions established in legislation;

III. Other subordinated debt instruments containing clauses providing that their value can be converted into capital in the event that a Resolution Regime should be ordered; and

IV. Other debt instruments having subordination clauses in respect of unsecured creditors.

§ 1. Conversion pursuant to the main section shall observe the degree to which the instruments are subordinated and shall be carried out in sufficient amounts to enable the legal entity to meet its levels of compliance and its operational limits.

§ 2. Should the legal entity be found to have accumulated losses after the measures provided under Article 35 have been adopted, the capital stock deriving from the conversion under the main section shall be used to absorb the remaining losses in their entirety, or until the capital stock has been reduced to R$1.00 (one real).

Article 37. When the legal entity submitted to the Stabilization Regime fails to meet the requirements and limits under the regulatory texts, following the full conversion of the instruments pursuant to Article 36, the Resolution Authority may order the Regime Administrator to convert the other credits for which the legal person is liable into shares or capital stakes, in the amount required to restore its levels of compliance.

§ 1. The Resolution Authority shall take into consideration, when deciding on the adoption of the measure pursuant to the main section, the risk of systemic crisis and of threat to the stability or normal functioning of the National Financial System, the Brazilian Payments System, and the National System of Insurance, Capitalization, Reinsurance, and Open-end Supplementary Pension Plans.

§ 2. The following are excluded from the credits subject to conversion referred to in the main section:

I. The credit tranche subject to guarantees from Credit Guarantee Funds;

II. Third-party financial instruments, held under custodianship arrangements by the legal entity submitted to the Stabilization Regime;

III. The assets and entitlements eligible to be reimbursed to third parties and the resources held by the legal entity, on a transitional basis, as collection or depository agent for transfers to third parties, including those related to payment arrangements;

IV. Court-ordered deposits;

V. Credits deriving from obligations undertaken in the framework of financial market infrastructures, held by the participants or by the entity that operates the infrastructure;

VI. Credits held by legal entities under domestic public law, including those held by funds owned by such entities;

VII. Credits held by the Government Severance Indemnity Fund (FGTS);

VIII. Credits held by Resolution Funds and Credit Guarantee Funds;

IX. Credits in connection with credit facilities received from foreign financial institutions to finance advances to Brazilian exporters pursuant to legislation;

X. Credits with real guarantees up to the limit of the value of the encumbered asset or entitlement;

XI. Technical provisions, in the case of the legal entities mentioned in item IV of the main section of Article 1, under the Stabilization Regime;

XII. Credits held by international organizations or by central banks and sovereigns, except those owned by sovereign funds and other sovereign investment vehicles similar to private entities; and

XIII. Credits held by suppliers and providers of support services to ensure the continuity of the legal entity's activities.

§ 3. The Resolution Authority may exclude, from the credits eligible for conversion pursuant to the foregoing main section, those deriving from types of contracts for which the conversion may entail risks to the stability and normal functioning of the National Financial System, the Brazilian Payments System, and the National System of Insurance, Capitalization, Reinsurance, and Open-end Supplementary Pension Plans.

§ 4. When the credits provided in the foregoing main section are converted, the values of the sureties provided by the legal entity shall be reduced by the same proportion as the conversion that is applied.

Article 38. The contractual clauses that determine that creditors in the same category should be treated under equal conditions shall not be used to oppose the implementation of the measures provided under Article 34, Article 36, Article 37 and item II of the main sectrion of Article 86.

Article 39. For purposes of the conversions pursuant to Article 36, Article 37 and § 3 of Article 86, the value of the instruments shall be calculated based on their book value, following the adjustments required by the Resolution Authority.

Single paragraph. The issue price of each share or capital component shall be determined by the division of the capital stock existing on the date of the conversion by the number of capital shares or units existing on that date.

Article 40. The holders of credits subject to conversion pursuant to Article 36, Article 37 and § 3 of Article 86 may, subject to written notification to the Regime Administrator, waive the right to receive shares to which they would be entitled, in which case their credits shall be written off.

Article 41. Should it not be possible to finalize the conversions pursuant to Article 36 and Article 37 within the period of temporary suspension mentioned in the main section of Article 30, the Resolution Authority may reserve a percentage of the credits in each category to be subject to conversion.

§ 1. The maturities of credits reserved pursuant to the main section in reference shall be suspended until they are used in the conversion, or until the legal entity is restored to compliance and to the operational limits required for solvency.

§ 2. The percentage reported by the Resolution Authority shall not be increased after the period of temporary suspension pursuant to the main section of Article 30 has ended.

§ 3. The Resolution Authority may order legal entities under the Stabilization Regime to issue to creditors certificates representative of the credits reserved in the form pursuant to the main section.

§ 4. The National Monetary Council and the National Council of Private Insurance shall establish, within their legal competences, the criteria for issuing the certificates pursuant to § 3, as provided in regulation, including in terms of the possibility of trading on the organized over-the-counter markets.

Article 42. The acts of the Stabilization Regime Administrator in matters pursuant to Article 36, Article 37 and item II of the main section of Article 86 shall be subject to appeal to the Resolution Authority within ten days from the date of the respective notification, without the effects of suspension, and its decision shall be final.

Article 43. Legal entities pursuant to the main section of Article 1 shall include clauses in the contractual instruments used to formalize transactions carried out by them, having the following provisions:

I. The possibility to convert credits into capital under the assumptions provided in Article 36, Articel 37 and § 3 of Article 86; and

II. The inapplicability of clauses providing proportional or equal treatment among creditors in the same category in the event of conversions as provided under Article 36, Article 37 and § 3 of Article 86.

§ 1. Inclusion of the clause pursuant to paragraph I above shall be waived for contractual instruments that provide for the cancellation of the credit in the event that regimes pursuant to this Complementary Law should be ordered.

§ 2. The absence of the clauses specified in the main section in reference above subjects the legal entity and its managers to the penalties provided for in legislation and does not prevent the adoption of the measures pursuant to Article 36, Article 37 and item II of the main section of Article 86.

Article 44. Contractual instruments governed by foreign law that have as a party a legal entity subject to the provisions of this Complementary Law shall contain clauses providing for the application of this Complementary Law in case of the ordering of a Resolution Regime.

Single paragraph: The provisions of the main section do not apply to contracts signed with foreign financial market infrastructures, international organizations, central banks or sovereigns, except for sovereign funds and other sovereign investment funds similar to private entities.

Article 45. In situations where the unviability of legal entities referred to in the main section of Article 1 represents a risk of systemic crisis or a threat to the soundness, stability or normal functioning of the National Financial System, the Brazilian Payment System or the National System of Insurance, Capitalization, Reinsurance and Open-end Supplementary Pension Plans, the National Monetary Council may, on the proposal of the Resolution Authority, approve the concession of loans from the Federal Government to the Resolution Fund of which the legal entity is a member.

§ 1. The loans referred to in this Article can only be granted after:

I. The measures provided under Article 35 and Article 36 have been adopted;

II. The net resources of the Resolution Fund of which the legal entity is a member have been depleted; and

III. The Resolution Authority has certified that the measures set out in the Recovery Plan are insufficient to reestablish the normal operations of the legal entity.

§ 2. The loans to the Resolution Fund, pursuant to this Article, shall be made in financial and contractual reimbursement conditions defined by the National Monetary Council.

§ 3. The loans to the Resolution Fund, pursuant to this Article, may be alternately carried out through the financial institution referred to in item IV of the main section of Article 10.

§ 4. The National Monetary Council may determine that the Resolution Authority adopt the measure set forth in Article 37 prior to the concession of the loans referred to in the main section, provided that the measure does not increase the risk of a systemic crisis or the threat to the stability or to the normal functioning of the National Financial System, the Brazilian Payment System or the National Insurance System, Capitalization, Reinsurance and Supplementary Pension Plans.

Article 46. When the measures provided under Article 45 are insufficient to meet the objectives provided under Article 3 and the ceiling for loans of the Resolution Fund has been exceeded, as provided in its bylaws, the National Monetary Council may, on the proposal of the Resolution Authority, authorize the concession of funds directly to the legal entity under the Stabilization Regime, in the form of loans or temporary capital injections.

§ 1. The loans pursuant to the main section shall be made in financial and contractual reimbursement conditions defined by the National Monetary Council.

§ 2. The temporary injection of capital pursuant to the main section may be made, at the discretion of the Ministry of Economy, by means of a subscription of common or preferred shares, in which case the limit pursuant to § 2 of Article 15 of Law 6,404, of 1976 shall not be applicable.

§ 3. The preferred shares pursuant to §2 shall have priority during the reimbursement of capital and receipt of dividends, which shall be at least ten percent higher than those attributed to each common share.

§ 4. As long as the funds injected pursuant to the main section have not been totally reimbursed to the Federal Government, the transfer of the shareholder control of the legal entity that has been capitalized is conditioned on the favorable manifestation of the National Monetary Council.

§ 5. The provisions of this Article do not apply to federal public financial institutions.

Article 47. The National Monetary Council may, at the proposal of the Resolution Authority, authorize the Federal Government to grant a temporary loan or inject capital directly in the legal entities referred to in items II and III of the main section of Article 1, under the Stabilization Regime, even if they are not members of a Resolution Fund, observing the provisions of § 1, § 2, § 3 and § 4 of Article 46, provided that:

I. The guarantees previously provided by the members and by the legal entity itself are exhausted;

II. The measures provided for in Article 35 and Article 36 have been taken; and

III. The legal entity's available resources have been exhausted.

§ 1. The National Monetary Council may determine that the Resolution Authority adopt the measures provided for in Article 37 and item II of the main section of Article 86, prior to the concession of the loan or to the capitalization referred to in the main section, provided that the measure does not increase the risk of a systemic crisis or the threat to the stability or the normal functioning of the National Financial System, the Brazilian Payment System or the National Insurance System, Capitalization, Reinsurance and Supplementary Pension Plans.

§ 2. As a condition for the authorization by the National Monetary Council for a loan or temporary capitalization by the Federal Government referred to in the main section, the entities referred to in items II and III of the main section of Article 1 under a Stabilization Regime shall have mechanisms and safeguards established pursuant to § 2 of Article 4 of Law 10,214 of March 27, 2001.

§ 3. The Resolution Authority shall regulate the minimum operating requirements of the mechanisms and of the safeguards referred to in § 2, including the minimum amount of own resources and the other criteria for the definition of the contributions of member institutions, respecting the guidelines established by the National Monetary Council.

Article 48. In order to support the proposal referred to in Article 45 to Article 47, the Resolution Authorities may share information with the National Monetary Council, including data protected by confidentiality pursuant to Complementary Law 105 of 2001.

Article 49. In order to fund the transactions described in Article 45 to Article 47, the Federal Government may issue Federal Public Securitized Debt securities, the features of which shall be defined in a text issued by the Minister of State for Finance.

Section V
Termination of the Stabilization Regime

Article 50. The Resolution Authority shall order the terminatrion of the Stabilization Regime in the following cases:

I. When it deems that the legal entity's situation has been normalized, including through corporate reorganization or through the transfer of control; or

II. Through the ordering of the Compulsory Liquidation Regime.

Single paragraph: Once the transfer of assets, rights, obligations, contracts and other commitments, dealt with in Article 20, Article 21, Article 23 and Article 34 has occurred, and the debts of the legal entity, including fiscal debts, have not been fully paid off, the Stabilization Regime to which the transferring legal entity has been submitted can only be terminated in the hypothesis set forth in item II of the main section, in which case the result obtained with these measures must be included in the remaining assets and liabilities of the entity in Compulsory Liquidation.

CHAPTER IV
COMPULSORY LIQUIDATION REGIME

Section I
Liquidator

Article 51. The Compulsory Liquidation Regime shall be carried out by a Liquidator appointed by the Resolution Authority, with full powers of management and liquidation.

§ 1. The Liquidator may be an individual or a legal entity.

§ 2. The Liquidator's remuneration shall be established by the Resolution Authority and paid by the legal entity subject to the Compulsory Liquidation Regime.

§ 3. The Liquidator may be dismissed at any time by the Resolution Authority.

§ 4. Prior to his appointment, the Liquidator may receive from the Resolution Authority information about the legal entity, including data protected by the confidentiality dealt with in Complementary Law No. 105 of 2001, in which case the provisions of Article 10 and Article 11 of that Law shall be applicable to him.

Article 52. The Liquidator shall be vested with his functions independently of the publication of the instrument through which he is appointed.

Article 53. The following shall be incumbent on the Liquidator:

I. To collect, having this attested in writing, all of the legal entity’s assets and documents, including those held by third parties or in electronic data processing or storage systems;

II. To prepare an inventory of all books, documents, money, and other assets of the legal entity, including those held by third parties;

III. To conclude the transactions negotiated through the private process referred to in Article 10;

IV. To promote the sale of assets and payment of liabilities, in order to proceed with the verification and classification of credits;

V. To represent the legal entity in and outside of the courts of law;

VI. To hire and dismiss staff members or specialized service providers, and to establish their remuneration;

VII. To provide information to the Resolution Authority, in the form and within the period provided under the regulatory texts issued by that Authority;

VIII. To issue and cancel powers of attorney;

IX. To call and chair general creditors' meetings;

IX. To apply for the legal entity’s bankruptcy as ordered by the Resolution Authority; and

X. To comply with the instructions of the Resolution Authority.

Single paragraph. The Liquidator shall be summoned to represent the legal entity in all court and administrative demands of which the institution is a party, on pain of nullity of the proceedings.

Article 54. The Liquidator shall engage in the following activities after taking office:

I. Prepare financial statements referring to the date the Compulsory Liquidation Regime was ordered; and

II. Inform the competent courts of the ordering of the Compulsory Liquidation Regime, so as to take into account the suspension of the proceedings pursuant to item VI of the main section of Article 57; and

III. Inform the ordering of the Compulsory Liquidation Regime to the Attorney General of the National Treasury, to the Attorney General and to the State and Municipal Revenues where the legal entity is present on the date the Compulsory Liquidation is ordered, in order that they provide information on any credits they may have against the legal entity.

Article 55. The Liquidator's decisions shall be subject to appeal to the Resolution Authority within ten days, counted from the date of the respective notification, without suspensive effect, and the Authority’s decision shall be final.

Section II
Effects of the Compulsory Liquidation Regime

Article 56. The instrument issued by the Resolution Authority ordering the Compulsory Liquidation Regime shall establish the legal term of the Regime, which shall be retroactive for a maximum of ninety days from the date the Compulsory Liquidation Regime, or the Stabilization Regime, if the latter precedes the former, is ordered.

Single paragraph. Legal action with a view to the acknowledgment of the invalidity or revocation of acts accomplished in connection with the legal entity subject to the Compulsory Liquidation Regime shall be proposed by the Liquidator, subject to the competence established under Article 122 of this Complementary Law and, where relevant, to the cases provided under Article 129 and Article 130, and as provided under Articles 131-138, all of Law 11,101 of February 9, 2005.

Article 57. The Compulsory Liquidation Regime shall produce the following effects from the date it is ordered:

I. Early maturity of the legal entity's obligations;

II. Suspension of the exercise of the rights of shareholders, owners of units in the institution, or partners, so that the Liquidator is vested on the rights provided under items I to IV of the main section of Article 46, of Law 5,764 of 1971; items I, IV, VII and VIII of the main section of Article 122, of Law 6,404 of 1976; and items V and VI of the main section of Article 1,071 of Law 10,406 of 2002 – Civil Code, until the closure of the Compulsory Liquidation Regime;

III. Cancellation of the mandates of the directors and any other members of the statutory bodies or those established under the legal entity's memorandum of association;

IV. Revocation of all powers of attorney issued by the legal entity, except for those on an *ad judicia* basis;

V. Suspension of interest payments maturing after the order, provided contractually or by law, when the resulting assets are insufficient for the payment of the principal owed to the subordinated creditors, updated pursuant to the main section of Article 59;

VI. Suspension, as long as the Regime is in place, of proposed actions and executions in connection with assets, entitlements, and interests relating to the legal entity's assets;

VII. Suspension, for the duration of the Regime, of the statute of limitations in connection with the obligations for which the legal person is liable, including those deriving from the application of penalties for violations of legislation, pursuant to Law 9,873 of November 23, 1999;

VIII. Suspension of the requirements to provide evidence of payment or regular status in connection with the primary or ancillary tax, pension, or labor obligations of the legal entity, the controlling shareholders, directors, or enterprises in which the legal entity has stakes, for the purpose of:

a) The filing of any corporate instruments of the legal entity in the Commercial Register; and

b) The drafting of deeds for the transfer for real properties and their registration in the competent registry; and

IX. Interruption of the payments to the legal entity in liquidation, in the case of legal entities referred to under item IV of the main section of Article 1 of:

a) Insurance premiums in connection with insurance or reinsurance arrangements;

b) Payments from subscribers in connection with capitalization agreements; and

c) Contributions from participants and sponsors in connection with benefit plans maintained by open-end supplementary pension institutions.

§ 1. The foregoing item V of the main section shall not be applicable to interest on credits subject to real guarantees, which shall be covered exclusively by the proceeds from the assets comprising the guarantee.

§ 2. The ordering of a Compulsory Liquidation Regime does not prevent the offsetting between debits and credits against the legal entity or the execution and the compensation of the guarantees connected to these obligations, as long as they have been provided and duly constituted prior to the date of the Compulsory Liquidation Regime.

§ 3. The foregoing item VI does not apply to:

I. The prescription of the punitive claim of the federal public administration;

II. The credits of the owner of fiduciary property of movable or immovable assets, of the commercial lessor, of the owner or promissory seller of immovable assets whose contract contains a clause of irrevocability or irreversibility, including as a result of mergers, and the owner in a contract of sale with reservation of domain, in respect of which

the property rights over the asset and the provisions of the specific legislation shall prevail: and

III. The cases pursuant to Article 58.

Article 58. Until the determination of the respective credit, the lawsuit that demands an illiquid amount, including that of a labor nature, shall continue in the court in which it is being prosecuted.

§ 1. The credit determined in the lawsuit referred to in the main section shall only be entered in the overall list of creditors for the amount determined in the settlement of the claim after the Liquidator is summoned to present the calculations.

§ 2. Pursuant to the provisions of Article 67, the determination to reserve amounts estimated by the competent court in the lawsuit referred to in the main section:

I. Shall take place at the initiative and responsibility of the plaintiff, who shall be obliged, if the sentence is unfavorable to him or if it is reformed, to repair the damages that may have accrued to the estate in liquidation during the period;

II. Shall be replaced, whenever possible *ex officio* or at the Liquidator's request, with the provision of collateral or other guarantee constituting a less onerous lien on the estate in liquidation; and

III. Shall not preclude, in accordance with the legal order of preference, the payment of the undisputed amounts to the creditor and payment of the credits of the subsequent categories, provided that they are included in the overall list and that the asset is sufficient to cover the payment to the plaintiff.

Article 59. From the date the Compulsory Liquidation Regime is ordered, all of the legal entity’s debts, regardless of the type, shall be subject to monetary updating to reflect the broad consumer price index – IPCA – calculated by the Brazilian Institute of Geography and Statistics – IBGE – or any index that may replace it, until the month prior to the date of effective payment.

§ 1. The provisions of this Article and item V or the main section of Article 57 shall not be applicable to:

I. Debts arranged by the legal entity during the Stabilization Regime, deriving from transactions entered into by it, services provided to it, and goods acquired by it, that should be subject to adjustment or remuneration in accordance with the indices established in the relevant arrangements or under the applicable legislation; and

II. Debts against the Public Treasury, including those against the FGTS, which shall continue to be updated in the manner established in the pertaining legislation.

§ 2. In the event that there are liquid resources in the legal entity after payment of the principal due to subordinated creditors, updated in the manner provided for in the main section, these will be apportioned to creditors not covered by the provisions of § 1, respecting their order of preference, for payment of the positive difference calculated between the interest referred to in item V of the main section of art. 57 and the index referred to in the main section.

Section III
General Meeting of Creditors

Article 60. Following publication of the final overall list of creditors pursuant to Article 64, the Resolution Authority shall instruct the Liquidator to call a general meeting of creditors to organize the Council of Creditors, to be chaired by the Liquidator, to debate on:

I. The establishment of the Council of Creditors; or

II. A proposal to terminate the regime, pursuant to § 4 of Article 81.

§ 1. The Council of Creditors, if established, shall have the purpose of helping the Liquidator to conduct the Resolution Regime in an efficient manner, and may:

I. State its opinion, when provoked by the Liquidator, on proposed settlements in connection with the assets and entitlements of the legal entity subject to the Compulsory Liquidation Regime, and the granting of debt relief; and

II. Evaluate and issue opinions on any of the creditors' claims.

§ 2. All the holders of credits registered in the overall list of creditors may vote on the general meeting of creditors and the votes shall be computed in proportion with the value of the credits of those present.

§ 3. The Council of Creditors shall not be remunerated and shall be comprised of three full members and three substitutes, and it shall be incumbent on the General Meeting of Creditors to nominate, among these council members, the Chairman.

§ 4. The decisions of the Council of Creditors shall be made by a simple majority of the members present at its meetings, and each representative shall have one vote.

§ 5. In addition to the ordinary vote, the Chairman of the Council of Creditors shall have the casting vote in the event of a tie.

Article 61. After a request by the Liquidator, the Council of Creditors shall have a period of ten days to state its opinion on the proposed settlements pursuant to item I of the main section of Article 60.

§ 1. Should the Council of Creditors fail to state its opinion within the period provided in the main section, when requested by the Liquidator, it shall be presumed to have manifested iteself in favor of the submitted proposal.

§ 2. The Liquidator shall not be held liable for any damages deriving from settlements accepted by the Council of Creditors, unless when acting with criminal intent.

Section IV
Identification of Liabilities

Article 62. The Liquidator shall arrange publication, as established under the regulatory texts issued by the competent Resolution Authority, of a notice to the creditors to declare their respective claims.

§ 1. Should the Resolution Authority order the Liquidator to request the bankruptcy of the legal entity pursuant to Article 110, the adoption of the procedure in the main section shall be waived.

§ 2. Declaration requirements shall be waived for the following:

I. The holders of deposits or instruments issued, accepted or guaranteed by the legal entity subject to the Compulsory Liquidation Regime, provided that they have been identified in a centralized deposit system or in a registration system for financial assets and securities authorized by the Central Bank of Brazil or by the Securities Commission; and

II. Insured parties under insurance arrangements; persons who have signed and are holders of capitalization agreements; transferring parties under reinsurance agreements, and persons assisted and participating in open-end supplementary pension plans.

§ 3. With respect to the credits pursuant to § 2 above, the Liquidator shall maintain a nominal listing of creditors, the values of their respective claims, and their categories.

§ 4. The creditors shall be assured the right to obtain, from the Liquidator, information, account statements, balances, and other items required to defend their interests and to provide evidence of their respective claims.

§ 5. The Liquidator may require the former directors and former members of the statutory bodies or those established under the memorandum of association of the legal entity to provide information in connection with any of the declared credits.

Article 63. Creditors required to declare credits shall be notified, preferably by electronic format, of the Liquidator's decision in connection with their approval.

Article 64. When the deadline for the declaration of credits has passed and after the judgment has been made on their admissibility, the Liquidator shall organize the overall list of creditors, which shall be disclosed, along with the financial statements of the legal entity, as provided under the regulatory texts published by the competent Resolution Authority.

Article 65. Within ten days after the overall list of creditors has been issued, any interested parties may contest its legitimacy and the values, or classification of the credits included in the list, provided these parties present the supporting documentation and evidence they deem appropriate.

§ 1. When a challenge has been filed by a person other than the credit holder, holders of contested credits shall have a period of five days from receipt of the notification to submit their statements and any evidence they may deem appropriate.

§ 2. After the deadline allowed for the holders of the credits to provide their statements, the Liquidator shall decide on the challenges and shall communicate the decision to the challenger.

§ 3. The challenger shall have a period of ten days, counting from the receipt of the communication pursuant to § 2 to appeal to the Resolution Authority, which shall issue a final decision.

Article 66. After the challenges and appeals have been decided, the Liquidator shall publich the final overall list of creditors in the manner established by the regulatory texts issued the competent Resolution Authority.

Single paragraph: The competent Resolution Authhority shall establish the manner to disclose the updates that shall be made to the overall list of creditors pursuant to Article 68.

Article 67. Creditors considering that they have been harmed by the decision rendered in connection with an appeal or with the denial of an appeal may pursue any actions that have been suspended pursuant to item VI of Article 57, or inititate any action that may apply, in which case they shall notify the Liquidator.

Single paragraph. The rights assured under the main section shall be forfeited if the interested parties fail to exercise them within a period of thirty days from the date of the decision rendered on the challenge or the date on which the denial of the appeal has been decided.

Article 68. In the event of late approval or the discovery of deception, criminal intent, simulation, fraud, fundamental error, or documents overlooked at the time of judgment of the credits, the Liquidator shall have until the closure of the Compulsory Liquidation Regime to include, exclude, or rectify any of such credits.

§ 1. Creditors excluded or subject to rectification in the manner indicated in the main section shall be notified by the Liquidator, and shall be allowed a period of five days to state their case and to provide any evidence they deem to be relevant, in which case they shall be assured the rights pursuant to Article 67, and the deadline for forfeiture shall begin to run from the date the announcement of the decision is received.

§ 2. Within ten days from the date of disclosure of the updated list of creditors, the new credits included therein may be challenged in the manner provided for in Article 65.

Section V
Disposal of Assets

Article 69. The disposal of the assets of legal entities under the Compulsory Liquidation Regime:

I. Shall be independent of the organization of the overall list of creditors; and

II. Shall be carried out preferentially by public offering.

§ 1. The Liquidator shall publicize the asset disposal process.

§ 2. Should any assets be disposed of on a term basis, the Liquidator shall require adequate guarantees.

§ 3. The provisions of this Article do not apply to the procedures conducted pursuant to Article 23, in which case the Liquidator shall adopt the measures necessary for the implementation of the proposal accepted by the Resolution Authority.

Article 70. When the overall list of creditors has been organized, the remaining assets shall be sold off within a maximum of one hundred and eighty days from the date of disclosure pursuant to Article 66.

§ 1. Upon a substantiated request from the Liquidator, the Resolution Authority may extend the term in reference in the main section of this Article for one equal period.

§ 2. Should it be impossible to dispose of all of the assets of the legal entity under the Compulsory Liquidation Regime within the period provided in this Article, the Liquidator shall report this fact to the Resolution Authority, and shall submit the supporting documentation on a monthly basis until all of the assets have been sold.

§ 3. The Liquidator may be held administratively liable in case the totality of assets is not sold within the period specified in § 2 if the cause for the delay derived from fault or fraudulent intent.

§ 4. This Article shall not be applicable should the Resolution Authority have authorized the Liquidator to adopt the procedure provided under Article 73.

Article 71. The assets of the legal entity under the Compulsory Liquidation Regime shall be offered to the public:

I. In the first call, at the assessed value;

II. In the second call, within twenty days from the first call, at fifty percent of the assessed value; and

III. In subsequent calls, within twenty days from the previous call, at any price, not being applicable the provisions of Article 891 of Law 13,105 of March 16, 2015 – Code of Civil Procedure.

Article 72. Creditors included in the definitive listing of creditors may use a portion of the value of their claims, up to the limit defined under the regulatory texts issued by the Resolution Authority, to pay for the assets of the legal entity under the Compulsory Liquidation Regime acquired through public offerings carried out as provided in Article 71.

Article 73. The Resolution Authority may order the Liquidator to adopt any special or qualified manner of disposal of assets and settlement of liabilities, transfer assets to third parties, conduct organization or reorganization of the company, when the adopted alternative is the one that best meets the provisions of Article 3.

Section VI
Payment to Creditors

Article 74. The Compulsory Liquidation Regime shall be subject to the composition of creditors and the classification of credits applicable to bankruptcy procedures, except for the following:

II. The provisions of Article 77, Article 93, and in the single paragraph of Article 113 of this Complementary Law; and

II. Credits of persons referred to under Article 97 of this Complementary Law, which shall be classified as subordinated credits.

Article 75. Owners of assets collected as a result of the Compulsory Liquidation Regime or in the debtor's possession at the date the Regime is ordered, including the following, shall have the right for such assets to be returned:

I. Resources held on an interim basis by the legal entity as a collection or receiving agent, or in connection with transfers to third parties, including those registered in the payment accounts referred to in item IV of the main section of Article 6 of Law 12, 865, of October 9, 2013;

II. Instruments under custodianship arrangements or subject to repurchase agreements undertaken by the legal person, provided that they have been identified in a centralized deposit system or a register of financial assets and securities authorized by the Central Bank of Brazil of by the Securities Commission; and

III. Resources received by the legal entity under the Compulsory Liquidation Regime in connection with obligations related to trust arrangements.

§ 1. Deposits deriving from operations in connection with financial intermediation activities pursuant to the legislation shall not be subject to refunding.

§ 2. Cash refunds shall be made:

I. With regard to the value of the asset evaluation to the owner, in the case the item no longer exists at the time the refund is requested. In such case, the owner shall receive the assessed value of the asset; or

II. In the case of assets delivered to the debtor by the contracting party in good faith, if the contract is revoked or voided.

III. In the case of assets related to retained taxes and not passed on and of assets received by the collecting agents and not paid to the government.

Section VII

General Provisions

Article 76. The following shall be applicable to the Compulsory Liquidation Regime:

I. When compatible, the provisions under Article 26, Article 27, Article 33, and §§ 1-8 of Article 34; and

II. In areas not conflicting with this Complementary Law, the provisions of Law 11,101 of 2005, in which case the Resolution Authority shall be considered equivalent to the bankruptcy judge and the Liquidator, in terms of the entitlements, duties, and responsibilities, to the judicial administrator.

Article 77. The Resolution Authority may advance financial resources to legal entities subject to the Compulsory Liquidation Regime that do not have sufficient net resources to cover essential and unavoidable expenditures required for the execution of the Regime. These resources shall be reimbursed:

I. As soon as resources are available; or

II. In case the Compulsory Liquidation Regime is closed.

Single paragraph: The Resolution Authority is prohibited to fund, in the manner specified in the main section, expenses of taxes levied on shareholders' equity, income, invoicing or the result of the legal entity under the Compulsory Liquidation Regime, in which case it shall be incumbent upon the Liquidator to record the past due tax liabilities which the legal entity does not have the resources to pay.

Article 78. In the case of Compulsory Liquidation Regimes in credit or insurance cooperatives, the losses registered in the financial statements drawn up pursuant to item I of the main section of Article 41 shall be allocated proportionally among the partners.

Single paragraph. In case the proportional allocation referred to in the main section above has not been determined by the general meeting, in the form of Article 8 of Complementary Law 130, of April 17, 2009, previously to the Compulsory Liquidatio Regime, said allocation shall be established in a regulatory text published by the Resolution Authority with jurisdiction over the cooperative.

Article 79. In the case of a consortium administrator placed under a Compulsory Liquidation regime, the Liquidator shall, in the form and within the time frame established by the Central Bank of Brazil:

I. Issue a notice for bidding by the consortium administrators interested in the administration of the groups; and

II. Call an extraordinary general meeting of each consortium group to deliberate on the proposals received.

§ 1. In case the transfer is not approved by the extraordinary general meeting, or when there is no bidding consortium administrator, the Liquidator shall interrupt the operation of the group and proceed with its liquidation by disposing of its assets, including credits against the members of the consortium in question, in which case Articles 69 to 73 are applicable where relevant.

§ 2. As long as the total assets of the group have not been realized, the administrator subject to the Compulsory Liquidation Regime shall still serve as a business administrator and representative of interests and entitlements of the group, including as depository for its remaining assets, exclusively for the purpose of the disposal of such assets and the payment of the group's creditors.

§ 3. The proceeds from the sale of the assets and the balance of the fund owned by the consortium group shall be allocated proportionally among the consortium members, except those members who have used or redeemed the respective credits, in proportion to the value of the benefits paid, less the costs of the sale procedure.

§ 4. When the requirements established under the regulatory texts issued by the Central Bank of Brazil have been met, credit securities may be issued to represent the credits derived from the redeemed participation contracts, with the assets to which they correspond serving as collateral, as provided under Law 11,795 of October 8, 2008.

§ 5. The balances of the remaining credits shall be authorized as unsecured credits against the administrator, on behalf of each member of the consortium.

§ 6. § 1 above shall not prevent the ordering of bankruptcy, the closure of the Compulsory Liquidation Regime for the consortium administrator, or the cancellation by the Central Bank of Brazil of its license to operate.

§ 7. After the measure under § 5 above has been completed, the consortium group shall be closed.

Article 80. Should the legal entity pursuant to item I of the main section of Article 1, submitted to the Compulsory Liquidation Regime, act as an administrator of investment funds or similar arrangements, the Liquidator shall, in the form and time frame established jointly by the Central Bank of Brazil and the Securities Commission:

I. Issue a notice for bidding of legal entities interested in administering the funds; and

II. Call an extraordinary general meeting of the unit holders in each administered fund to deliberate on the proposals received.

§ 1. Should the extraordinary general meeting fail to approve the proposal received, or should no proposals be submitted, the Securities Commission, after hearing the Central Bank of Brazil, shall order, within ten days, the liquidation of the fund, and shall appoint an individual or legal entity to administer it and to close it down, under the supervision of the Securities Commission.

§ 2. The assets of the fund, after realization, shall be allocated to the shareholders in the proportion of their holdings, less the costs of the liquidation procedure.

§ 3. The investment fund shall be closed:

I. When all of its assets have been depleted; or

II. When the remaining assets are relinquished by the General Shareholders Meeting.

4. The replacement of the Administrator or other service providers for the fund shall not imply a succession in the obligations of the legal entity subject to the Compulsory Liquidation Regime, including tax liabilities, labor liabilities, resulting from labor accidents, and those in connection with penalties imposed on the legal entity under the Resolution Regime as a result of illegal administrative acts committed prior to the date of the replacement or transfer.

5. The portfolio administrator that takes over the provision of administration services shall rehabilitate the portfolio of funds, and shall only be liable for actions it has carried out involving culpable or fraudulent intent.

Section VIII
Closure of the Compulsory Liquidation Regime

Article 81. The Compulsory Liquidation Regime shall be closed:

I. By decision of the Resolution Authority in the following cases;

a) Payment of the authorized unsecured creditors;

b) Change of the legal entity’s corporate object to economic activity outside of the National Financial System, the Brazilian Payments System, or the National System of Insurance, Capitalization, Reinsurance, and Open-end Supplementary Pension Plans;

c) Transfer of the corporate control of the legal entity, if the interested parties assume the continuation of its activities;

d) Change of status to ordinary liquidation;

e) Depletion of the legal entity's assets through the disposal of all assets and distribution of the proceeds among the creditors, even if this process does not entail the full payment of all credits; or

f) Illiquidity or difficulty in disposing of the legal entity's remaining assets, as acknowledged by the Resolution Authority; and

II. By the ordering of bankruptcy for the legal entity.

§ 1. When the Compulsory Liquidation Regime is closed for the reasons set forth in paragraphs "a", "b", "d", "e" and "f" of item I of the single paragraph, the Resolution Authority shall report the closure to the competent body of the Commercial Register, which shall:

I. Make the relevant annotations in the cases provided for in indents "b" and "d" of item I of the main section of this Article; and

II. Make the annotation of the closure of the Compulsory Liquidation Regime in the relevant register, in order to replace the indication "In Compulsory Liquidation" with "Compulsory Liquidation Closed - License Canceled" in the company name, in the cases set forth in indents "a", "e" and "f" under item I of the main section of this Article.

§ 2. When the Compulsory Liquidation Regime is closed under the cases provided in item I of the main section in this Article, the statute of limitation applicable to the obligations of the legal person shall re-start to be counted from the date of the closure.

§ 3. The closure of the Compulsory Liquidation Regime in the cases indicated in indents "b" and "d" of item I in the main section may be proposed to the Resolution Authority, at any time, by the shareholders, cooperative members, or partners, as long as authorized by the general creditors meeting.

§ 4. The proposal pursuant to § 3 shall be previously submitted to the manifestation of the general creditors meeting.

§ 5. In the cases under indents "e" and "f" of item I of the main section of this Article, when the action pursuant to Article 104 has been proposed, the Liquidator shall submit to the competent court the available information regarding those creditors not satisfied during the Compulsory Liquidation Regime.

§ 6. The procedures pursuant to § 1 above shall not be applicable to the closure of the Compulsory Liquidation Regime in the case of federal public financial institutions.

§ 7. The Resolution Authority shall notify the closure of the Compulsory Liquidation Regime to the Attorney General of the National Treasury and to the Attorney General.

§ 8. Except in regard to the provisions of indent "c" of item I of the main section, the license to operate of the legal entities subject to a Compulsory Liquidation Regime closed pursuant to the main section shall be cancelled.

Article 82. When the Compulsory Liquidation Regime has been closed in the cases provided under item I of the main section of Article 81, the legal entity's remaining assets, if any, shall be returned:

I. To the last controlling shareholder or any shareholder belonging to the controlling group, or, in the case it is not possible to identify or to locate such party, to the largest shareholder or unit holder in the company; or

II. In the case of credit cooperatives, to any member of the cooperative who has been a member of the top management or of the board of the cooperative in the five years preceding the ordering of the regime.

§ 1. Persons indicated above shall not refuse to accept the remaining assets and shall be considered depositories of the assets received.

§ 2. When the location of the persons referred to in the main section is unknown, uncertain, or inaccessible, or should concealment be suspected, the Liquidator may deposit the remaining balance, in their favor, in the court competent for judging bankruptcy procedures.

CHAPTER V
SPECIAL MECHANISMS APPLICABLE TO INSTITUTIONS THAT OPERATE FINANCIAL MARKET INFRASTRUCTURES

Article 83. In support of its decision to order the Resolution Regime for institutions operating in the financial market infrastructure that engage in activities that are also subject to regulation by the Securities Commission, the Central Bank of Brazil shall consult that authority.

§ 1. In situations of emergency, the Central Bank of Brazil may exceptionally order the Resolution Regime, subject to prior notice to the Securities Commission and to *ex post*

reporting to that authority of the emergency circumstances and the reasons underlying the order.

§ 2. The form and mechanisms for the coordinated implementation of the order and of the monitoring of Resolution Regimes imposed to financial market infrastructures subject to regulation by the Central Bank of Brazil and the Securities Commission shall be defined through agreements entered into by the two authorities.

Article 84. The suspension of the maturity pursuant to Article 30 shall not apply to the settlement of obligations derived from typical activities of financial market infrastructure operators with relation to their participants.

Article 85. The exercise of the powers pursuant to Article 34, in connection with the financial market infrastructures, shall be independent of the consent of the creditors of the operating institution or the infrastructure participants.

§ 1. In the event that all or part of the infrastructure activities should be transferred, the acquiring party or transferee shall be authorized to perform the services required for the continuity of the business activity, in which case the prior issue of new licenses by the Central Bank of Brazil or the Securities Commission shall be waived.

§ 2. The acquirer or transferee pursuant to § 1 shall be subject to the oversight and supervisory processes applicable to the transferred activity, in which case the competent regulatory authorities may establish the time frame for the adjustments and for the authorizations they deem necessary in connection with the transfer.

§ 3. Unless otherwise provided, the transfer referred to in § 1 shall entail the substitution of the acquirer or the transferee in the agreements and other legal instruments required for the continuity of the infrastructure activities.

§ 4. When the continuity of the activities of the financial market infrastructure is necessary, execution of these functions may be undertaken on an exceptional basis by the Central Bank of Brazil, by other legal entities under public law, or by public federal enterprises.

§ 5. The exercise of the powers pursuant to the main section shall be subject to the observance of the set-off rights of each participant in the financial market infrastructure.

Article 86. Without prejudice to any further measures provided under this Complementary Law, when the Stabilization Regime is ordered in institutions operating financial market infrastructures that serve as central counterparts for operations carried out in that infrastructure, the Stabilization Regime Administrator may, subject to prior express authorization from the Central Bank of Brazil:

I. No longer comply with the contractual measures for the allocation of losses among the infrastructure participants; and

II. Reduce the value of any obligations of the central counterpart representing participants' credit balances, disregarding the principal value negotiated, tariffs and other forms of remuneration, as well as the obligations related to the movement of guarantees deposited by the participants.

§ 1. When adopting the measure referred to in item I of the main section, the Stabilization Regime Administrator shall not be allowed to require, from the participants not in default, contribution of resources beyond that established in the referred regulation.

§ 2. The Stabilization Regime Administrator shall exhaust all of the central counterpart's available resources prior to the reduction in value described in item II of the main section.

§ 3. The unpaid balances of obligations reduced pursuant to item II above shall be converted into shares, capital units, or equity stakes in the institution.

§ 4. The measure pursuant to item II of the main section shall be adopted after the conversion pursuant to Article 36, in the cases involving credits of that nature, and before the conversion pursuant to Article 37.

Article 87. Having occurred the mismatch of positions assumed by the central counterpart under the Stabilization Regime, the Resolution Authority may determine that the Stabilization Regime Administrator terminate early agreements between the institution and its participants, based on the estimate of the market value of the contracts, results included, so as to immediately settle the transactions at present value.

§ 1. The Stabilizatin Regime Administrator shall close the position through the arrangement of new transactions at market value, whenever market conditions allow, in order to take into account the cost of the transaction, preservation of the continuity of the activities carried out in the framework of the infrastructure, and the impact in terms of financial stability.

§ 2. In case there are no resources available for the prompt settlement of the balances referred to in the main section, the Stabilization Regime Administrator shall apply the provisions of item II of the main section of Article 86.

Article 88. The ordering of the Stabilization Regime shall suspend, for the period established under the text issued by the Resolution Authority, the application of the contractual provisions, arranged with institutions that operate financial market infrastructures, entailing the termination of contracts or that restrict, suspend, or discontinue the effects of the instruments required for the normal operation of the institution and any other consequences intended to achieve similar practical effects, when

deriving exclusively from the ordering of the Stabilization Regime or the adoption of the measures provided under Article 24, Article 35, Article 36, Article 37, Article 86, and Article 87.

CHAPTER VI
SPECIAL PROVISIONS APPLICABLE TO INSURANCE COMPANIES, CAPITALIZATION COMPANIES, REINSURANCE COMPANIES, AND OPEN-END SUPPLEMENTARY PENSION FUNDS

Article 89. Once the Stabilization Regime has been ordered in a legal entity referred to in item IV of the main section of Article 1, the Office of the Superintendency of Private Insurance may instruct the Regime Administrator to transfer assets, claims, and obligations relating to the insurance, capitalization, reinsurance, and open-end supplementary pension plan contracts issued by it, to other legal entities mentioned in item IV of Article 1, irrespective of the consent of the respective insurees, policy holders, subscribers, transferors, affiliates, assisted or beneficiary parties.

Article 90. The Office of the Superintendency of Private Insurance may order the legal entities referred to in item IV of the main section of Article 1, which are submitted to the Stabilization Regime, to suspend the issuance of new insurance, capitalization, reinsurance and open-end supplementary pension plan contracts, until they have restored compliance with the requirements and limits to which they are subject by law or regulation.

Article 91. Following adoption of the measures referred to in Article 35, if the legal person has accumulated losses on the date the regime is ordered, and in Article 36, the Office of the Superintendency of Private Insurance may give the following instructions to the Regime Administrator, in relation to the company or entity subject to the Stabilization Regime:

I – reduce benefits and indemnities owed to the insured parties, beneficiaries, policy holders, subscribers and affiliates;

II – reduce the maximum value of the guarantees provided by the legal entity;

III – renegotiate the contractual conditions with the holders of insurance, capitalization, reinsurance, and complementary pension scheme contracts issued by the institution;

IV – convert the monthly instalments owed by the institution into a single payment;

V – adopt any other measures needed to restructure or limit its obligations, so as to distribute losses among the insurees, subscribers, transferors, affiliates and beneficiaries, in a manner that is consistent with the legally defined order of preference of creditors; and

VI – revaluate the reinsurance program of the insurance company.

Article 92. In the Compulsory Liquidation Regime, claims arising from indemnities under insurance contracts, capitalization contract premiums, indemnities under reinsurance contracts or benefits under open-end supplementary pension plans, shall have special preference over the assets guaranteeing the reserves and technical provisions.

Single paragraph. If the assets that guarantee the technical provisions are insufficient to cover the respective claims, the insured parties, subscribers and transferors referred to in the main section shall have general preference over the portion not related to the activity of the legal entity.

Article 93. In the Compulsory Liquidation Regime, the provisions related to the affiliates, insurees, assisted and beneficiary parties, in this order, that are creditors under open-end supplementary pension plans and life insurance policies with survival coverage, shall be considered post-petition claims.

Article 94. Without prejudice to the adoption of the measures contained in Article 54, the Liquidator shall provide:

I – A listing of the assets, with respective valuations, specifying the guarantors of the technical provisions;

II – A list of claimants in respect of indemnities under insurance contracts, withdrawals and premiums under capitalization contracts, indemnities under reinsurance contracts, and benefits and provisions of benefits to be granted under open-end supplementary pension plans and life insurance policies with survival coverage.

CHAPTER VII
LIABILITY AND FREEZING OF ASSETS

Section I
Civil Liability

Article 95. The former directors of the institution subject to the Resolution Regime shall be liable for any damage they cause:

I – Irrespective of fault or willful misconduct, when acting beyond their powers and attributions, or in violation of law, regulation or statute, including by omission in the fulfilment of the duties prescribed therein; and

II – With fault or willful misconduct, when acting within their powers and attributions.

§ 1. In the cases referred to in Item II, liability is assumed; but this may be rebutted by evidence to the contrary produced by the former director who is accused of causing the damage.

§ 2. Liability is individual, for individual acts, and without communication of fault.

§ 3. Former directors are collectively liable for damage arising from the acts referred to in items I and II, if they:

I – Contribute in any way to the damage;

II – Having become aware of it, failing to act to prevent its occurrence, or to avoid or reduce its effects, or to report it in writing to the management bodies or to the Fiscal Council; or

III – Show negligence in its detection, failing to comply with the duty of inspection or control.

§ 4. The provisions of this article shall not apply to former directors hired to carry out the Recovery Plan referred to in Article 6, or to respond to specific decisions of the Resolution Authority. These directors, during the period of execution of the Recovery Plan or of response to the decisions of the Resolution Authority, shall only be liable for damage caused to the institution with fault or willful misconduct.

Article 96. The former members of the Fiscal Council and other statutory bodies, or those established by the institution's articles of association, individuals or legal entities providing independent audit services, and all others that have contributed to the situation that led to the ordering of the Resolution Regime, shall be held accountable for the acts or omissions in which they have incurred.

Article 97. Irrespective of fault or willful misconduct, persons that have controlling influence in the institution submitted to the Resolution Regime shall be collectively liable for all obligations assumed by the institution, up to the limit of the institution's liabilities not covered by assets.

Section II
Inquiry

Article 98. Once the Resolution Regime has been ordered the Resolution Authority shall launch an inquiry to identify the causes that led the legal entity to the situation giving rise to this measure in the situations referred to in regulatory texts issued by the Resolution Authority

§ 1. The investigation phase of the inquiry shall be completed within one hundred and twenty days, which may be extended for an equal period.

§ 2. In conducting the inquiry, the Resolution Authority may:

I – Examine the accounts, documentation, files, data contained in computer systems, corporate records, assets, and installations of the legal entity submitted to the Resolution Regime, and those of other companies that share common control with it.

II – Examine any documents relating to the assets, claims and obligations of the controlling shareholders, former directors, former members of statutory bodies or those established by the articles of association, managers, agents, and representatives of the legal entity submitted to the Resolution Regime, including those pertaining to current accounts and transactions with financial institutions;

III – Examine the accounts, documentation, files, and other corporate records of third parties with which the legal entity submitted to the Resolution Regime has done business;

IV – Take statements from the controlling shareholders, managers, members of the Fiscal Council and other statutory bodies of the legal entity submitted to the Resolution Regime, agents, external auditors, representatives and employees of the legal entity submitted to the Resolution Regime, and any other person associated with the facts subject to the inquiry.

V – Request information from any authority or public agency, from the bankruptcy judge, the Prosecutor's Office, the Judicial Administrator, the Resolution Regime Administrator, or the Liquidator; and

VI – Examine the bankruptcy files and obtain copies of certificates of parts of those documents.

§ 3. The inquiry shall also identify acts undertaken or omissions incurred by individuals or legal entities that have provided independent audit services and cooperative auditing to the legal entity subject to the Resolution Regime, in which case the Resolution Authority may take their statements and examine the files, books, documents and work papers related to the services provided.

Article 99. From the date of the ordering of the Resolution Regime until its closure, the persons referred to in Article 95 to Article 97 have a duty to keep the Regime Administrator or Liquidator, as well as the competent Resolution Authority, up-to-date as to the following information:

I – residential address;

II - telephone number; and

III – e-mail.

Single paragraph. The provisions of this article also apply to attorneys-in-fact, if any, of the persons referred to in the main section.

Article 100. The Resolution Regime Administrator, the Liquidator, and the persons referred to in Article 95 to Article 97 may accompany the inquiry and provide documents.

Article 101. The Resolution Authority may close the inquiry, even in the investigation phase, when it is found that there are no uncovered liabilities.

Article 102. At the end of the appraisal stage of the inquiry, a preliminary report shall be issued in order to point out the causes leading to the ordering of the regime and subsidies used in the identification of the persons responsible, who shall be notified via digital means pursuant to Article 99, to make their representations within a period of thirty days for all of them.

Single paragraph. When the electronic address of the recipient, or that of his attorney has not been informed by a person listed in the main section pursuant to Article 99, a notice shall be left at the person's disposal at the head office of the Resolution Authority for the period of fifteen days, after which the interested party shall be presumed notified irrespective of its appearance.

Article 103. On expiration of the deadline referred to in Article 102, the inquiry shall be concluded and the final report prepared, which shall be submitted to:

I. The bankruptcy judge or the judge with jurisdiction to declare bankruptcy;

II. The General Attorney of the Treasury; and

III. The Special Secretary of the Federal Revenue of Brazil, under the Ministry of Economy.

Single paragraph. If the inquiry finds that no damage has been caused to third parties, the Resolution Authority shall close the case without making the submission mentioned in the main section.

Section III

Liability Suit

Article 104. The judge shall submit the inquiry to the Prosecutors' Office, which may, within thirty days, initiate the liability suit against the persons held liable in the inquiry, with the power to request, to the competent court, the seizure of the assets of the named defendants, including those that have been frozen pursuant to Article 106.

§ 1. If the deadline referred to in the main section expires without the Prosecutor's Office filing a liability action, the judge shall place a notice in the official press bulletin and in a

widely circulating newspaper, in order to notify the creditors and the legal entity under the Resolution Regime, which will grant them a period of sixty days to file the corresponding lawsuit.

§ 2. If no suit is filed within the periods indicated in this article, the judge shall lift the asset freeze, and attach, as the case may be, the inquiry report to the documents of the bankruptcy proceedings.

§ 3. Irrespective of provocation of the parties, the unfreezing of assets carried out in the manner provisioned for in the main section shall be notified by the judge to the entities referred to in Article 107.

§ 4. The provisions of this article shall not preclude the filing of the suit, by the Prosecutor's Office, by the legal entity under the Resolution Regime, or by any creditor, after expiration of the periods specified in the main section of this article and in § 1.

§ 5. The liability suit pursuant to the main section shall expire two years after the date of closure of the Compulsory Liquidation Regime or of the definitive decision to close the insolvency proceedings.

Article 105. The closure of the Resolution Regime, in any form, including by a declaration of bankruptcy, or the adoption of any measure provided for in this Complementary Law, shall not prejudice the installation or conduct of the inquiry referred to in Article 98, or the filing or prosecution of the lawsuit referred to in Article 104.

Item IV

Freezing of assets

Article 106. Individuals or legal entities that have maintained a direct or indirect controlling influence in the legal entity subject to the Resolution Regime, and its former executive directors, shall have all of their assets frozen, and shall not, in any manner, either directly or indirectly, dispose of or encumber them, until the liabilities mentioned in Article 95 to Article 97 have been fully identified and settled.

§ 1. The asset freeze covers all persons that have exercised the functions mentioned in the main section during the twelve months preceding the ordering of the regime, or those who have exercised direct or indirect control over the legal entity submitted to a Compulsory Liquidation Regime during the same period.

§ 2. The asset freeze does not apply to:

I – The assets of former directors referred to in § 4 of Article 95;

II – In the cases where the Stabilization Regime Decree is closed by ordering Compulsory Liquidation:

a) The assets of the Regime Administrator;

b) The assets of managers and other members of the statutory bodies or bodies established by the legal entity's memorandum of association who have been kept in office pursuant to § 1 of Article 28: and

c) The assets of persons who have become shareholders or unit holders of the legal entity as a result of the conversion of the claims referred to in Article 36 and Article 37 and in § 3 of Article 86:

III – The assets of the central cooperative or confederation of central cooperatives, and of their representatives, which assist credit cooperatives under the terms of Article 16 of Complementary Law 130 of 2009;

IV – Assets considered inalienable or under a restraint on alienation, as provided in legislation;

V – Assets covered by a contract of sale, promise of purchase and sale, and transfer of claim, provided the respective instruments, prior to the date on which the Resolution Regime is ordered, have been presented to the competent public registry or recorded in financial asset and security registration systems authorized by the Central Bank of Brazil or by the Securities Commission; and

VI – The assets of the persons referred to in the single paragraph of Article and in § 4 of Article 20.

§ 3. For the purpose of preserving normal economic activity, the Resolution Authority may exclude from the asset freeze those assets belonging to legal entities that have direct or indirect control over the legal entity under the Compulsory Liquidation Regime.

§ 4. The asset freeze does not prevent the alienation of control, split-off, merger or incorporation of the legal entity subject to a Compulsory Liquidation Regime.

Article 107. The Liquidator shall notify the name and qualification of the persons whose assets have been affected by the asset freeze, to the following entities:

I – The General Ombudspersons of the State Courts, or the entities appointed by them to register asset freezes;

II – The National Traffic Department;

III – The National Civil Aviation Agency;

IV – The Brazilian Navy;

V – The National Department of Business Registry and Integration;

VI –The other Resolution Authorities;

VII – Entities administering stock markets, commodity and futures exchanges and organized over-the-counter markets;

VIII – Entities that administer financial assets and securities registration systems; and

IX – Boards of Trade

Single paragraph. Having received notification, the entities referred to in the main section, and those subordinated to them, shall be prevented from the following actions, in relation to the assets covered by the freeze:

I – Transcriptions, subscriptions, or annotations of public or private documents, except those needed to register the freeze;

II – Filing of acts or contracts that involve the transfer of ownership units, shares and beneficiary quotas, and any other securities;

III – Registration of operations with financial assets or securities, or securities of any type;

IV – Registration of the transfer of ownership of motor vehicles, aircraft and boats; and

V – Transfer, redemption, or portability of the technical provisions relating to capitalization securities and mathematical provision of benefits.

Article 108. The Resolution Authority shall lift the asset freeze referred to in Article 106, in the following cases:

I – When the inquiry is closed based on the provisions of Article 101; or

II – When the inquiry concludes that no damage has been caused.

Article 109. Following the submission of the inquiry report to the competent judge, pursuant to Article 103, the judge shall have jurisdiction to decide whether to maintain or lift the asset freeze.

CHAPTER VIII

PROVISIONS APPLICABLE TO BANKRUPTCY

Article 110. The Resolution Authority may order the Liquidator to file for the institution's bankruptcy when he detects unsecured liabilities in the legal entity subject to the Compulsory Liquidation Regime.

§ 1. The filing for bankruptcy must be supported by:

I – The minute of the Resolution Authority that decreed the Compulsory Liquidation Regime;

II – The minute of the Resolution Authority that ordered the Liquidator to file for bankruptcy;

III – The articles of association or statutes currently in force;

IV – The financial statements referred to in item I of the main section of Article 54 and those prepared in the last twelve months that preceded the bankruptcy filing; and

V – The list of former directors in the last five years, with the indication of their address, responsibilities, and shareholding participation.

§ 2. Once the proceedings are duly documented, the judge with jurisdiction shall declare bankruptcy and, from the date of the ruling, the provisions of Law 11,101, of 2005 shall be complied with.

Article 111. The declaration of bankruptcy of the legal entity subject to the Compulsory Liquidation Regime shall result in the closure of that regime for all companies controlled by the institution and that have been submitted to the regime owing to the related interest in accordance with Article 5.

Single paragraph. The judicial administrator in bankruptcy shall be appointed Liquidator of the companies affected by the provisions in the main section.

Article 112. Judicial and extrajudicial recovery do not apply to the legal entities referred to in the main section of Article 1.

Article 113. Once bankruptcy has been declared, the insolvency assets shall be used to pay the creditors according to Article 74.

Single paragraph. In addition to those identified in legislation, the following claims shall be considered extra-bankruptcy claims of the insolvent estate:

I – The amounts of the operations referred to in Article 45, Article 46, Article 47 and Article 77, advanced either directly or through Resolution Funds;

II – Debits arising from services provided and goods acquired by the legal entity while the Compulsory Liquidation Regime was in force; and

III – The provisions referred to in Article 93.

Article 114. The sentence declaring the bankruptcy of the legal entities referred to in the main section of Article 1 shall set their legal term, without backdating by more than ninety days from the date of the ordering of the Compulsory Liquidation Regime or, in case this has been preceded by the Stabilization Regime, from the date of the ordering of the latter.

CHAPTER IX

RECOGNITION AND EXECUTION OF RESOLUTION MEASURES ADOPTED IN OTHER JURISDICTIONS

Article 115. The Resolution Authority may, either officially or following a request by a foreign authority, recognize and execute resolution measures adopted in a legal entity domiciled abroad when said entity, either directly or indirectly, possesses assets, claims, or obligations in the country, or holds an interest in a national legal entity, as defined in Article 5.

§ 1. The decision to recognize and execute the measures specified in the main section shall consider the national interest, stability and normal functioning of the National Financial System, the Brazilian Payments System, and the National System of Insurance, Capitalization, Reinsurance and Open-end Supplementary Pension Plans.

§ 2. The recognition and execution of resolution measures adopted by other jurisdictions shall not preclude the adoption of the measures provided for in this Complementary Law by the Resolution Authority.

§ 3. Observed the provisions of Article 17 of Decree-Law 4,657 of September 4, 1946, resolution measures established in other jurisdictions may be recognized and adopted, even if not expressly envisaged in this ComplementaryLaw.

§ 4. Wherever possible, the Resolution Authority shall act in coordination with the competent foreign authority, with a view to ensuring the effectiveness and utility of the measures adopted in the national territory for the solution of the proceedings under way abroad.

§ 5. The Resolution Authority may require, from the legal entities supervised or those that act in markets under its regulation, that the contractual instrument used to formalize the transactions undertaken in those markets contain clauses indicating the contracting parties' respect for resolution measures adopted by foreign authorities recognized by the Brazilian Resolution Authority as described in the main section of this article.

Article 116. The Resolution Authority shall not recognize or execute resolution measures adopted in another jurisdiction, when it considers that:

I – The procedure might:

a) Endanger the stability and normal funcitoning of the National Financial System, the Brazilian Payments System, and the National System of Insurance, Capitalization, Reinsurance and Open-end Supplementary Pension Plans;

b) Result in unfair treatment of domestic creditors relative to those of another jurisdiction;

c) Generate a material negative fiscal impact; or

d) Contravene Brazilian Law; or

II – Another measure is more appropriate for achieving the objectives defined in § 1 of Article 115.

CHAPTER X

FINAL PROVISIONS

Article 117. The measures adopted under this Complementary Law by the Resolution Regime Administrator or Liquidator, including those that involve a change in the statute or articles of association, are independent of a decision by the shareholders, unit holders or associates of the legal entities referred to in the main section of Article 1, including persons that become shareholders or unit holders as a result of the measures specified in Article 36 and Article 37 and in § 3 of Article 86.

Article 118. The provisions of Article 36 and Article 37 and in item II of the main section of Article 86 do not affect the acts and businesses undertaken, or entered into, prior to the entry into force of this Complementary Law, unless their expiration deadline has been extended since that date.

Single paragraph. The aforementioned provision does not apply to:

I – Demand deposits and other claims that can be redeemed at any moment; and

II – Contracts with clauses providing for the adoption of measures similar to those described in Article 36 and Article 37 and in item II of the main section of Article 86 should a special regime, recovery, or bankruptcy of the legal entity be ordered.

Article 119. Court decisions that affect the acts carried out, authorized or determined by the Resolution Authority shall be limited to the evaluation of the legality of the act, in which case a review concerning the merit of the act or its reversal shall not be applicable.

§ 1. Appeals against the decisions mentioned in the main section, including the special appeal and the extraordinary appeal, shall have a suspensive effect.

§ 2. In the event that specific protection or obtaining an equivalent practical result becomes impossible due to the provisions of this article, the obligation shall be converted into losses and damages.

§ 3. No provisional protection of any kind shall be granted to suspend or revert the acts referred to in the main section.

Article 120. In cases where it is possible to determine, on the basis of the report referred to in § 1 of Article 33, that the value received by each creditor of the legal entity subject to the Stabilization Regime, which has had its claims converted into capital pursuant to Article 37 and to § 3 of Article 86, is less than the amount the creditor would have received if the legal entity had been placed under Compulsory Liquidation, the Resolution Authority shall compensate the creditor for the difference, through an administrative request.

§ 1. The base date for the calculation of the value to be indemnified to the creditor, as described in the main section, shall be that of the closure of the Stabilization Regime.

§ 2. The compensation request referred to in the main section shall be documented by the creditor, and presented to the Resolution Authority within ninety days following the closure of the Stabilization Regime.

§ 3. In lawsuits that challenge the provisions contained in the main section of this article, any compensation shall be calculated on the basis of the report referred to in § 1 of Article 33.

§ 4. If the legal entity is a member of a Resolution Fund, the latter shall indemnify the Resolution Authority by the amount spent by it, pursuant to the main section.

§ 5. Regardless of whether they act with negligence or willful misconduct, the persons mentioned in Article 97 are joint and severally liable for indemnifying the Resolution Authority and the Resolution Fund for amounts spent by them, respectively, as provided for in the main section and in § 4.

§ 6. The premises used to determine the amount of the indeminification provided in this Article shall be established based on:

I – The provisions of this complementary Law relative to Compulsory Liquidation; and

II – In the case of financial market infrastructure operators, the rules and procedures for the allocation of losses, as established in their bylaws,.

§ 7. The provisions of this Article shall not be applicable in favor of holders of claims referred to in items I, II and II of the main section of Article 36.

Article 121. The following persons shall not be held liable for acts undertaken in the regular exercise of their functions, unless in the event of willful misconduct or fraud.

I. Civil servants in charge of carrying out the monetary and exchange policies, and maintaining the soundness, stability and normal funcioning of the National Financial System, the Brazilian Payments System, and the National System of Insurance, Capitalization, Reinsurance and Open-end Supplementary Pension Plans, including the proceedings for licensing, supervision, regulation and resolution of the legal entities that operate in these systems;

II. The Stabilization Regime Administrator and the Liquidator;

III. The administrators of bridge institutions;

IV. The administrators of legal entities managing Resolution Funds or Credit Guarantee Funds; and

V. The specialized legal entity referred to in Article 33, when in the exercise of the functions laid down in that Article.

§ 1. Unless they have proceeded with willful misconduct or practised fraud, the persons mentioned in items II and III of the main section are not liable for the legal entity's debts, including those of a labor or tax nature, and even if they relate to events subsequent to the ordering of the Resolution Regime.

§ 2. The General Counsel of the Central Bank and the legal bodies that represent the autonomous federal entities referred to in the single paragraph of Article 1 are authorized to promote judicial and extra-judicial representation of the persons referred to in items I, II and III of the main section, in relation to acts undertaken by them, including private criminal action or representation before the Prosecutor's Office.

§ 3. The provisions of § 2 shall apply to the former holders of the positions and functions referred to in items I, II and III of the main section.

Article 122. Excepted the competence of the Federal Justice and of the specialized courts, the judge with jurisdiction to declare bankruptcy is indivisible and shall hear all pleas concerning the assets, interests, and businesses of the legal entity under the Compulsory Liquidation Regime.

§ 1. The foregoing provision does not apply to employment and tax disputes, and disputes in which the legal entity appears as author or co-author, except, in the latter case, actions regulated under bankruptcy law.

§ 2. The aforementioned judge has jurisdiction to hear all issues relating to the freezing of assets affecting the persons referred to in this Complementary Law.

Article 123. The Central Bank of Brazil may receive:

I – Cash deposits from the Resolution Funds and Credit Guarantee Funds, the remuneration of which shall be equivalent to that of the remunerated deposits of financial institutions maintained in those funds;

II – Unremunerated deposits from the Credit Guarantee Funds and the Resolution Funds; and

III – Deposits from financial institutions and other institutions licensed to operate by the Central Bank of Brazil submitted to Resolution Regimes.

Article 124. The provisions contained in Article 34 of Law 4,595 of 1964, and Article 17 of Law 7,492 of June 16, 1986, do not apply to loans and advances granted by:

I – Legal entities of the conglomerate or business group to which the legal entity belongs, whether in Brazil or abroad, in relation to which the domestic or foreign Resolution Authority has:

a) Ordered the adoption of the measure provided for in item VIII of the main section of Article 7, or the execution of the recovery plan referred to in item I of the main sectrion of Article 6; or

b) Ordered a Resolution Regime.

II – The financial institution referred to in item IV of the main section of Article 10, the Credit Guarantee Funds and the Resolution Funds managed by the legal entity controlling it, when the funds are destined to carrying out the purposes pursuant to item II of § 1 and item I of § 2 of Article 8; and

III – A financial institution, to the financial market infrastructure controlled by it, in relation to which the Central Bank of Brazil has:

a) Ordered the adoption of the preventive measure provided for in item VIII of the main section of Article 7, or the execution of the recovery plan referred to in item I of the main section of Article 6; or

b) Ordered a Stabilization Regime.

Article 125. In the case of liquidation or bankruptcy of the sponsors, their former administrators, including former members of the Board of Directors, shall be liable for damage or injury caused, with fault or willful intent, to the Open-end Supplementary pension funds, particularly as a result of the failure to pay their compulsory contributions, subject to the provision of the single paragraph of Article 63 of Complementary Law 109, of May 29, 2001.

Article 126. The provision of the single paragraph of Article 1,037 of Law 10,406 of 2002 – the Civil Code – is not applicable to the Resolution Authorities.

Article 127. All minutes, documents and publications of interest of the legal entity under Compulsory Liquidation, shall use the institution's official name followed by the expression "under Compulsory Liquidation".

Article 128. The following are prohibited from acquiring assets from the legal entity under the Resolution Regime:

I – The Regime Administrator;

II – The Liquidator;

III – Employees of the Resolution Authority competent to order the resolution of the legal entity;

IV – Employees and administrators of legal entities that manage Resolution Funds or Credit Guarantee Funds;

V – Natural persons or legal entities that provide audit, advice and consulting services to the legal entity; and

VI – The relatives, up to the second degree, of the persons referred to in items I to V.

Single paragraph: the persons referred to in items III, IV and VI of the main section are also prohibited from providing services to the legal entity under the Resolution Regime.

Article 129. The provisions of this Complementary Law are not applicable to the interventions, extrajudicial liquidations and temporary special administration regimes under way before it entered into force, which shall be concluded pursuant to Decree-Law 73 of November 21, 1966; Decree-Law 261, of 1967, Law 6,024 of March 13, 1974; Decree-Law 2,321 of February 25, 1987; Law 9,447 of March 14, 1997; Complementary Law 109 of 2001; and Complementary Law 126, of 2007.

Article 130. To ensure the fulfilment of the objectives envisaged in Article 3 are achieved, the transfer of all or part of the assets, rights, liabilities, contracts and other commitments of the institution subject to the Resolution Regime shall not require the agreement of creditors, counterparties or other stakeholders, when:

I – The transfer has been made by reason of the adoption of the measures referred to in Article 7; or

II – The transfer involves assets, rights, liabilities, contracts and other commitments owned by legal entity subject to a Resolution Regime.

Article 131. For the purpose of determining administrative responsibility, the Regime Administrator and the Liquidator, when having proceeded with willful misconduct or practised fraud, are equated with the administrators of the legal entities pursuant to the main section of Article 1.

Article 132. Without prejudice to the provisions of Article 19, the provisions of § 4 of Article 157, Article 171 and Article 254-A of Law 6,404 of 1976 are not applicable to legal entities subject to the Stabilization Regime.

Article 133. The Resolution Authorities shall regulate the provisions of this Complememtary Law within their competencies.

Article 134. The Resolution Authority is exempt from registering in active debt and from promoting the tax execution of the funds not reimbursed pursuant to Article 77, when they are considered of small value or of proven unenforceability, in the terms of the regulatory texts issued by the Resolution Authority.

Article 135. The Annex to Decree-Law 5.452, of May 1, 1943 – Consolidation of Labor Laws shall become effective with the following modifications:

> "Article 448-B. The obligations arising from the existence of an employment contract are not transmitted to the purchasers or transferees of assets of legal entities subject to Resolution Regimes licensed to operate by the Central Bank of Brazil, the Superintendency of Private Insurance and the Securities Commission, unless the purchaser or concession holder maintains the individual employment relation." (NR)

Article 136. Law 4,595, of 1964, shall become effective with the following modifications:

> "Article 10. ……It is the exclusive responsibility of the Central Bank of Brazil:
>
> …….
>
> III - to determine reserve requirements on deposits and other securities of financial institutions, in the form and under the conditions regulated by it, in which case it may:
>
> ……..

c) establish financial costs for financial institutions that have insufficient reserve requirements; and

d) grant individual exemption of reserve requirements and financial costs, by reasoned decision and provided a liquidity shock situation in a specific financial institution has been identified, in order to ensure adequate levels of liquidity in the National Financial System;

……

V - carry out rediscount operations, in domestic currency, or loans, in domestic or foreign currency, to financial institutions, observing the limits, deadlines and other conditions established in the regulations that it issues;

……"(NR)

Article 12. The Central Bank of Brazil shall operate exclusively with financial institutions, including those subject to the Stabilization Regime, and may enter into any modality of transaction, including lending, rediscount transactions and special transactions to provide liquidity."(NR)

Article 137. Law 5,172, of October 25, 1966, shall become effective with the following modifications:

"Article 174. ……

Single paragraph. …….....

…….

V – by the order of bankruptcy or of Compulsory Liquidation of the taxable person, in which case the resumption of the term shall be conditioned to the closure of the process or regime, in accordance with the applicable legislation." (NR)

"Article 186. ……..

Single paragraph. In the Resolution Regimes of the institutions licensed to operate by the Central Bank of Brazil, the Superintencdency of Private Insurance and by the Securities Commission, and in bankrupcy:

……."(NR)

"Article 187-A. The provisions of Article 187 do not exclude the need to insert the credits in the overall list of creditors of bankruptcy and Compulsory Liquidation referred to in the Complementary Law on the Resolution Regimes

of institutions licensed to operate by the Central Bank of Brazil, the Superintendency of Private Insurance and the Securities Commission." (NR)

Article 138. Decree-Law 73, of November 21, 1966 shall become effective with the following modifications:

"Art 94. The cessation of the operations of insurance companies shall be:

a) Voluntary, by decision of the shareholders at the General Shareholders' Meeting;

b) Compulsory, when the Compulsory Liquidation Regime is ordered." (NR)

Article 139. Decree-Law 261 of 1967, shall become effective with the following modifications:

"Article 4. Capitalization companies are subject to provisions identical to those established in the following provisions of Decree-Law 73, of 1966:

I – Article 7;

II – Article 25;

III – Article 27 to Article 31;

IV – Article 74 to Article 77;

V – Article 84;

VI – Article 87 to Article 95;

VII – Article 106 to Article 111;

VIII - Article 113 and Article 114; and

IX – Article 116 to Article 121. (NR)"

Article 140. Law 6,830, of September 22, 1980, shall become effective with the following modifications:

"Article 29-A. The provisions of Article 29 do not exclude the need to insert the credits in the overall list of creditors of bankruptcy and Compulsory Liquidation referred to in the Complementary Law on the Resolution Regimes of institutions licensed to operate by the Central Bank of Brazil, the Superintendency of Private Insurance and the Securities Commission." (NR)

Article 141. Law 7,492, of June 16, 1986, shall become effective with the following modifications:

"Article 12. Fail to provide, to the Liquidator or to the Administrator of the Stabilization Regime, information the provision of which is mandatory pursuant to the Complementary Law that deals with the Resolution Regimes of institutions licensed to operate by the Central Bank of Brazil, the Superintendency of Private Insurance and the Securities Commission.

Penalty – a prison sentence, of one to two years, and a fine.

§ 1. The same penalties apply to a person who unjustifiably delays or obstructs access to the information in question.

§ 2. The penalty mentioned in the main section shall be doubled in case false information is provided. (NR)

Article 25.....

§ 1. The receiver, Liquidator, and administrators of the Stabilization Regime and the Judicial Administrator have a status equivalent to that of the directors of financial institutions.

……." (NR)

Article 142. Law 9,430 of December 27, 1996 shall become effective with the following modifications:

"Article 56-A. ……

……

§6 The National Monetary Council may delegate to the Central Bank of Brazil the competence referred to in § 1." (NR)

Article 60-A. The same tax legislation rules applicable to legal entities subject to extrajudicial liquidation apply to institutions subject to the Compulsory Liquidation Regime, except where conflicting with the specific provisions applicable to this Resolution Regime.

Article 143. Law 9,656, of June 3, 1998, shall become effective with the following modifications:

"Article 24-D. The provisions of Decree-Law 41 of November 18, 1966, Decree-Law No. 73 of November 21, 1966, Law No. 11,101, dated February 9, 2005, and the Law on the Resolution Regimes of institutions licensed to operate by the Central Bank of Brazil, the Superintendency of Private Insurance and the Brazilian Securities Commission are applicable to the extrajudicial liquidation of the operators of health care plans and to the provisions of Article 24-A and

3Article 5-I, where not in contradiction with the provisions of this Law, as established by the ANS.

Single paragraph. The establishment of an inquiry shall be determined at the time the extrajudicial liquidation of the health care plan operator is ordered, in order to determine the causes of its insolvency and the responsibilities of its administrators, in which case the provisions of the Law on the Resolution Regimes of the institutions licensed to operate by the Central Bank of Brazil, the Superintendency of Private Insurance and the Securities Commission apply, as established by the ANS. "(NR)

Article 144. Law 10.214, of 27 March, 2001, shall become effective with the following modifications:

"Article 7. The Resolution Regimes of the institutions licensed to operate by the Central Bank of Brazil, the Superintendency of Private Insurance and the Securities Commission, regimes of civil insolvency, judicial recovery, extrajudicial recovery, the bankruptcy of the entrepreneur and business company, and any other insolvency regimes to which an affiliate may be subjected, shall not affect their liabilities to clearing houses or to the providers of clearing and settlement services, which shall be finalized and settled by the clearing house or service provider according to their regulations.

....." (NR)

Article 145. Complementary Law 109, of May 29, 2001, shall become effective with the following modifications:

"Article 44. In order to safeguard the rights of participants and those assisted, intervention in the closed supplementary pension fund may be ordered, provided that the following are found, in isolation or cumulatively:

VI - other anomalies set out in regulations;

VII - occurrence of losses that could compromise the normal functioning of the closed supplementary pension fund or of the specific benefit plan;

VIII - insufficiency or inadequacy in the constitution of technical provisions or in the assets that guarantee their coverage; and

IX - recurring violations of the legal and regulatory texts that discipline the activity of the closed entity, which have not been settled after the instruction of the supervisory authority.

§ 1 The supervisory authority may require that the closed supplementary pension fund adopt preventive prudential measures and present a recovery plan

to restore solidity and viability if they face a situation that puts at risk the continuity of its activities." (NR)

§ 2 The ordering of intervention or extrajudicial liquidation will occur independently of the implementation of the recovery plan referred to in § 1.

§ 3. Intervention shall not apply to the insurance companies, to the Open-end Supplementary pension funds and to other institutions licensed to operate by the Superintendency of Private Insurance." (NR)

"Art. 47. Closed private pension funds are subject to extrajudicial and judicial liquidation, to which the federal legislation that deals with Resolution Regimes of financial institution shall apply subsidiarily."(NR)

"Art. 48. Extrajudicial liquidation will be ordered, or judicial liquidation will be requested to the competent court by the supervisory authority, when the recovery of the supplementary pension fund or plan managed by it, or due to the lack of conditions for its operation, is verified.

"Article 48-A. Extrajudicial liquidation shall not apply to the insurance companies, to the Open-end Supplementary pension funds and to other institutions licensed to operate by the Superintendency of Private Insurance." (NR)

"Art. 53. The extrajudicial liquidation of closed supplementary pension funds will be closed:

I - by decision of the supervisory authority in the following cases:

a) payment of qualified unsecured creditors;

b) exhaustion of the legal entity's assets, through their disposal and distribution among creditors, even if the full payment of all credits does not occur;

c) illiquidity or difficulty in the disposal of the remaining assets in the entity, recognized by the resolution authority; or

d) approval of the final accounts of the liquidator, with the respective write-off in the appropriate records, in which case the provisions of Article 69 and Article 70 of Complementary Law , of ; or

II - by the ordering of judicial liquidation of the closed supplementary pension fund.

Single paragraph. When attested that there are no assets, or that there is illiquidity or difficulty in the disposal of the remaining assets to satisfy the claims against the entity, the liquidator shall propose the judicial liquidation to

the competent court, providing the information available on the credits that were not satisfied during the extrajudicial liquidation regime. ”(NR)

"Art. 62. The provisions of the complementary law that provides for the Resolution Regimes of institutions authorized to operate by the Central Bank of Brazil, by the Superintendency of Private Insurance and the Securities Commission apply to the intervention and extrajudicial liquidation of closed supplementary pension funds, where applicable, in which case the regulatory and supervisory authority shall be responsible for the functions assigned to resolution authorities. ”(NR)

Article 146. Provisional Measure 2,192-70, of August 24, 2001, shall become effective with the following modifications:

“Article 30.....

§ 1. Clearing and settlement processes under the agreed-upon terms and conditions shall not be affected by the ordering of Civil Insolvency, Judicial Recovery, Bankruptcy, or the Resolution Regimes pursuant to the Law on the Resolution Regimes of the institutions licensed to operate by the Central Bank of Brazil, the Superintendency of Private Insurance (Susep) and the Securities Commission (CVM), of one of the parties in the agreement, in which case the provisions contained the final part of the main section of Article 117 and item I of the main section of Article 129 of Law 11,101, of February 9, 2005 shall not be applicable.” (NR)

Article 147. Law 10,931, of August 2, 2004, shall become effective with the following modifications:

"Article 45. The Central Bank of Brazil may admit to rediscount or receive, as collateral for loans, financial assets and securities represented in book-entry or in physical form.

§ 1 - The financial assets and securities referred to in the main section that are not registered or deposited with the registrars or central depositories referred to in Article 26 of Law 12,810, of May 15, 2013, shall be deemed to be transferred for the purposes of rediscount to full ownership and, for loan purposes, to the fiduciary property of the Central Bank of Brazil, provided that they are registered in an electronic statement of tradition in information systems of that Autarchy.

§ 2. For the purposes of the rediscount and loan collateral referred to in the main section, the constitution of liens and encumbrances on the financial assets and securities subject to registration or centralized deposit shall comply with the rules established in Article 26 of Law 12,810 of 2013.

§ 3. The financial assets and securities listed and described in the statement of tradition referred to in §1 shall be considered as registered in such statement, in accordance with the requirements, criteria and formats established by the Central Bank of Brazil.

§ 4. The registration shall have effects before third parties and shall only be perfected with the receipt, by the financial institution proposing the rediscount or the loan, of an acceptance message from the Central Bank of Brazil and, when it is the case of securities payable at sight admitted for rediscount, it shall have the same legal effects as an endorsement.

§ 5 The financial assets and securities registered in the electronic statement of tradition referred to in this Article are unavailable for registration, centralized deposit, transfers or encumbrances of any kind, except in case of explicit and specific authorization of the Central Bank of Brazil.

§ 6 Securities and other documents representing financial assets and securities registered in the electronic statement of tradition referred to in this article may, at the discretion of the Central Bank of Brazil, remain in the direct possession of the financial institution beneficiary of the rediscount or loan, which shall keep and maintain them in custody, and proceed, as agent *del credere*, to their judicial or extrajudicial collection.

§ 7. The Central Bank of Brazil shall regulate the provisions of this Article, including as regards:

I - The criteria and conditions for the evaluation and acceptance of financial assets and securities by the Central Bank of Brazil;

II - The procedures for the implementation of the provisions of § 5, which shall include, among other aspects:

a) The breakdown of the financial assets and securities registered in the electronic statement of tradition and its referral by the Central Bank of Brazil to the registrars and the central depositaries; and

b) The duties, obligations and responsibilities of the registrars, the central depository and the institutions proposing rediscount or loan to the Central Bank of Brazil; and Ω

III - Access to information, in order to ensure that the liens and encumbrances object of this Article are effective against third parties, without prejudice to the preservation of the confidentiality dealt with in Complementary Law 105, of January 10, 2001, especially with regard to transactions carried out by the Central Bank of Brazil. "(NR)

Article 148. Law 11,795, of 2008, shall become effective with the following modifications:

> "Article 40. Having ordered the Compulsory Liquidation of a consortium administrator, the consortium members excluded pursuant to Article 30 shall include the collective insolvency proceedings and their reimbursement shall abide by the provisions of the Complementary Law on the Resolution Regimes of the institutions licensed to operate by the Central Bank of Brazil, the Superintendency of Private Insurance and the Securities Commission, in which case the provisions of Article 85 to Article 91 of Law 11,101, of February 9, 2005 shall not apply." (NR)
>
> "Article 46-A. The consortium administrators shall register the consortium groups under their management at the National Registry of Legal Entities on the date of creation of the group, in accordance with tax law.
>
> Single paragraph. In the case of consortium groups already in place, the respective consortium administrators shall adopt the provisions set forth in the main section within ninety days, counted from the date of entry into force of the Complementary Law on the Resolution Regimes of the institutions licensed to operate by the Central Bank of Brazil, the Superintendency of Private Insurance and the Securities Commission." (NR)

Article 149. Law 11,882, of December 23, 2008, shall become effective with the following modifications:

> "Article 1-A. The claims of the Central Bank of Brazil resulting from rediscount or loan operations shall not be affected by the ordering of the Resolution Regimes of the institutions licensed to operate by the Central Bank of Brazil, the Superintendency of Private Insurance and the Securities Commission.
>
> Single paragraph. The assets received by the Central Bank of Brazil in rediscount, loan or guarantee operations of loans shall not be part of the estate, nor shall their payment be impeded by the interruption of the period of the obligations of the legal entity submitted to the Resolution Regime." (NR)

Article 150. Law 12,838, of July 9, 2013, shall become effective with the following modifications:

> "Article 11. For the purpose of preserving the normal functioning of the National Financial System, the Central Bank of Brazil may determine, according to criteria established by the National Monetary Council, the extinction of debts represented by debt securities and other instruments authorized to compose regulatory capital or issued with the specific purpose of allowing the absorption of losses and recapitalization of financial institutions and other institutions licensed to operate by the Central Bank of Brazil under

resolution or the conversion of such securities or instruments into shares of the issuing legal entity, for those issued after March 1 of 2013 or agreed in order to provide for this possibility. "(NR)

"Article 12. The extinction of debts represented by debt securities and other instruments authorized to compose regulatory capital or issued with the specific purpose of allowing the absorption of losses and the recapitalization of financial institutions and other institutions licensed to operate by the Central Bank of Brazil under Resolution Regime and the conversion of these securities or instruments into shares of the issuing legal entity are definitive and irreversible

.... "(NR)

"Article 13. The extinction of debts represented by debt securities and other instruments authorized to compose regulatory capital or issued with the specific purpose of allowing the absorption of losses and the recapitalization of financial institutions and other institutions licensed to operate by the Central Bank of Brazil under resolution, the conversion of these securities or instruments into shares of the issuing legal entity or the suspension of payment of the remuneration stipulated in said securities or instruments shall not be considered events of default or other factors that generate the anticipation of the maturity of debts in any legal business in which the issuing institution or other entity of the same economic-financial conglomerate, as defined by the National Monetary Council, participate.

.... "(NR)

"Article 15. The following provisions of Law 6,404, of December 15, 1976 apply to debt securities and other instruments convertible into shares issued by financial institutions and other institutions licensed to operate by the Central Bank of Brazil, for the composition of their regulatory capital or issued with the specific purpose of allowing the absorption of losses and recapitalization under a Resolution Regime:

.... "(NR)

Article 151. Law 12,865, of 2013, shall become effective with the following modifications:

"Article 12-A. The resources received from the paying final user, per participant of the payment arrangement, destined for payment to the final receiving user:

I - may not be subject to arrest, restraint, search and seizure or any other act of judicial constriction due to debts of responsibility of any participant in the payment arrangement through which said resources transit;

II - may not be pledged as collateral for debts assumed by any participant in the payment arrangement through which said resources transit; and

III - are not subject to collection in the Resolution Regimes of institutions licensed to operate by the Central Bank of Brazil, in bankruptcy, judicial liquidation, or in any other dissolution regime to which is submitted any participant in the payment arrangement through which the resources transit .

§ 1. The resources destined for payment to the final receiving user, at any time received by the participant of the payment arrangement submitted to the regimes referred to in item III of the main section, shall be passed on to the subsequent participants in the chain of settlement of the financial flows related to the payment of the transactions, according to the rules of the payment arrangement, until they reach the legal entity designated by the receiving final user to receive those funds.

§ 2. The agent who previously delivers own resources, with or without encumbrance, to the final receiving user, subrogates the right to receive the resources destined to the payment of the receiving end user.

§ 3. The provisions in the main section do not apply to the resources made available by a participant of the payment arrangement to the receiving end-user, even if they remain deposited in the legal entity of choice of the final recipient.

§ 4. The rules of the payment arrangement may provide for the redirection of the financial flows relating to the payment transactions of the participant submitted to one of the regimes referred to in item III of the main section to another participant or agent, in the form of the regulatory texts of the arrangement approved by the Central Bank of Brazil. "(NR)

"Article 12-B. The provisions of Article 12 and Article 12-A apply to the participants and the setters of payment arrangements, even if such arrangements are not reached by the provisions of this Law, pursuant to § 4 of Article 6." (NR)

"Article 12-C. The assets and rights allocated by the institutions and the participants of payment arrangements that are part of the Brazilian Payments System to guarantee settlement of payment transactions, in the form and extent defined in the regulatory texts of the arrangement approved by the Central Bank of Brazil:

I - constitute separate assets, and may not be subject to arrest, restraint, search and seizure or any other act of judicial constriction, except for the fulfillment of the obligations assumed in the scope of the arrangement; and

II - are not subject to collection in the Resolution Regimes of institutions licensed to operate by the Central Bank of Brazil, in bankruptcy, judicial

liquidation, or in any other dissolution regime to which the participant through whom said resources transit is submitted.

§ 1 The remaining assets and rights, after the fulfillment of the obligations that they guarantee, shall be reverted to the participant, in which case the provisions in items I and II of the main section no longer apply.

§ 2. The provisions of this Article do not apply to closed payment arrangements, according to parameters established by the Central Bank of Brazil. "(NR)

Article 152. The provisions of this Complementary Law shall be applicable, where appropriate, to the extrajudicial liquidations of closed complementary pension funds referred to in Complementary Law 109 of 2001, in which case the supervisory authority shall be responsible for the functions attributed to the Resolution Authority.

Article 153. The Credit Guarantee Fund referred to in Article 4 of Law 9,710, of November 19, 1998, a legal entity governed under private law and established by Caixa Econômica Federal, multiple banks, commercial banks, investment banks, development banks, credit, financing and investment companies, real estate credit companies and savings and loan associations, shall be responsible for the management of the Credit Guarantee Fund referred to in item I of the main section Article 8 of this Complementary Law.

Article 154. The following are hereby repealed:

I. The following provisions of Law 4,595, of 1964

a) Indents (a) and (b) of item III of the main section of Article 10;

b) Article 45;

II. The following provisions of Decree-Law 73, of 1966;

a) Article 26 :

b) Article 86;
c) Article 89 to Article 93; and

d) Article 96 to Article 105;

III. The following provisions of the attached Regulation to Decree 60,459, of 13 March 1967;

a) Item XVI of the main section of Article 36; and

b) Article 68 to Article 89;

IV. Law 6,024 of 1974, except as provided in Articl 129;

V. The Single paragraph of Article 28 of Law 7,492 of 1986;

VI. The following provisions of Decree-Law 2,321, of 1987;

a) Article 1 to Article 15; and

b) Article 19;

VII. Article 9 of Law 8,177 of March 1, 1991;

VIII. § 3 of Article 11 of Law 8,668 of June 25, 1993;

IX. Article 66 of Law 9,069, of 1995;

X. Article 1 to Article 8 of Law 9,447, 1997;

XI. Article 43 of Complementary Law 109, of 2001;

XII. The following provisions of Law 11,795, of 2008;

a) Item VII of the main section of Article 7;

b) Article 39; and

c) § 1 to § 4 of Article 40; and

XIII. Article 13 of Law 12,865, of 2013.

Article 155. This Complementary Law shall enter into force one hundred and eighty days after the date of its publication.
Brasília,