

NEWSLETTER No. 101

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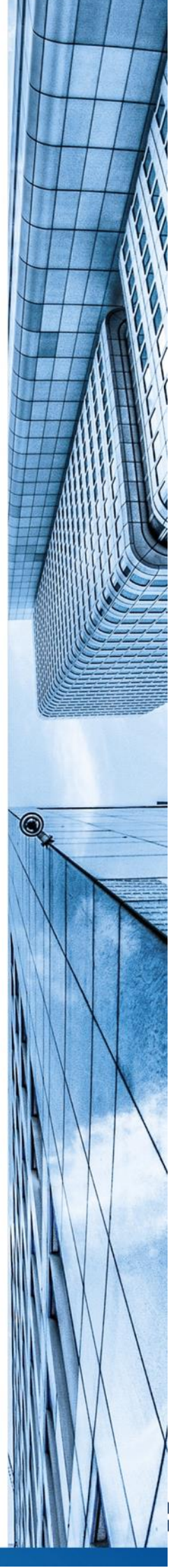
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SUMMARY

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**CVM ISSUES REGULATORY FRAMEWORK FOR THE ACTIVITY
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CVM ISSUES REGULATORY FRAMEWORK FOR THE ACTIVITY OF INVESTMENT ADVISERS

On February 14th, 2023, the Brazilian Securities Commission (CVM) issued Resolution No. 178/2023, containing new rules for the activity of investment advisers, reformulating the previous regime and revoking CVM Resolution No. 16/2021.

First of all, the Resolution has replaced the former figure of the “autonomous investment agent” with “investment adviser”. The purpose of this change is adjustment to the wording of the Brazilian Federal Law No. 6,385/1976, which refers to “investment adviser” since its amendments enacted by the Brazilian Federal Law No. 14,317/2022.

Among the main innovations, the following stand out:

- (i) revocation of the obligation of exclusivity in the contracts between investment advisers and intermediaries: the CVM will now allow investment advisers to enter into agreements with more than one brokerage firm. In the former regime, the rule required exclusivity in all contracts between intermediaries and investment advisers;
- (ii) flexibility of the corporate type adopted by investment advisory firms: with the entry into force of CVM Resolution No. 178/2023, investment advisory firms can be organized in any corporate type. The former rule was that they must be organized in the form of private partnerships;
- (iii) signature of an awareness instrument by the investor: when enrolling via a securities brokerage platform, the investor must sign an awareness instrument, containing a description of the essential characteristics of the activity of investment advisers, their remuneration and potential conflicts of interest;
- (iv) creation of the position of officer in charge of investment brokerage firms: investment brokerage firms will have to designate a person as “officer in charge” of their regulated activities, with the following attributions, among others: (a) to provide information as required by legislation and regulations of the capital market; (b) to formulate responses to queries posed by the CVM and the accreditation entity; and (c) to verify the compatibility among the internal policies, rules, procedures and controls of the brokerage firm;
- (v) improvement of the oversight exercised by brokerage firms over investment advisers: the brokerage firm will have to oversee the internal structure, systems and processes of investment advisers. Additionally, those intermediaries will be liable to clients and any third parties for acts of the investment advisers contracted by them, within the limits of the actuation of the investment adviser as a legal agent of the respective brokerage firm; and

- (vi) possibility of engaging in other activities: under the terms of CVM Resolution No. 178/2023, investment brokerage firms will be able to engage in other activities related to the financial, capital and insurance markets, within the bounds of the applicable laws and regulations, provided there are no conflicts with investment advisory. Among conflicting activities are management of securities portfolios; securities consultancy and analysis of securities.

The CVM Resolution No. 178/2023 will take effect on June 1st, 2023.

More Information, along with the full text of the CVM Resolution No. 178/2023, can be found at the website of the CVM (www.gov.br/cvm).

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