

NEWSLETTER No. 115

APRIL 2024



São Paulo

Rua Gomes de Carvalho, nº 1507
2º andar – Vila Olímpia
04547-005 – São Paulo – SP
+55 (11) 4210-4010

Rio de Janeiro

Rua Joana Angélica, nº 228
Ipanema
22420-030 – Rio de Janeiro – RJ
+55 (21) 2523-5960

 **moreira
menezes,
martins**
ADVOGADOS

SUMMARY

NEWSLETTER No. 115 | APRIL 2024

**CIRCULAR LETTER PROVIDES GUIDANCE TO
INTERMEDIARIES REGARDING MONITORING OF
TRANSACTIONS AND COMMUNICATION WITH THE CVM**

3



CIRCULAR LETTER PROVIDES GUIDANCE TO INTERMEDIARIES REGARDING MONITORING OF TRANSACTIONS AND COMMUNICATION WITH THE CVM

On March 28, 2024, the Superintendency of Relations with the Market and Intermediaries (SMI) of the Brazilian Securities Commission (CVM) disclosed Circular Letter 1/2024 (“[SMI Circular Letter 1/2024](#)”), which consolidates the interpretation of the SMI about the procedures to be followed by intermediaries in the monitoring of transactions and communication with the CVM regarding indications of failure to obey legislation.

The orientations of the SMI contained in SMI Circular Letter 1/2024 were prepared considering that the intermediaries in the securities market have the duty to vouch for the integrity and regular functioning of the market and the duty to continually monitor the transactions and offerings intermediated by them.

Those agents must, in carrying out their activities, identify transactions that are atypical, potentially irregular or that can be characterized as fraudulent involving the securities market, including via organized over-the-counter trading entities, under the terms of art. 33 of CVM Resolution 35/2021.

As indicated in SMI Circular Letter 1/2024, the SMI holds that the enrollment of clients and suitability procedures allow intermediaries to engage in detailed and effective monitoring regarding the transactions intermediated by them.

The SMI stresses that the main objective of this type of oversight performed by intermediaries is to detect the existence of transactions that potentially infringe the rules contained in (i) CVM Resolution 62/2022, which forbids the creation of artificial conditions involving demand, offering or pricing of securities through manipulation, engagement in fraudulent transactions and use of inequitable practices; and (ii) CVM Resolution 44/2021, which contains rules related to the improper use of inside information and the engagement in transactions during blackout periods.

By means of SMI Circular Letter 1/2024, the SMI has established the following orientations:

- (i) detection of indications or irregularities must be reported simultaneously to the regulator and self-regulator, possibly via a single communication addressed to both entities;
- (ii) the person performing the communication can request secrecy;
- (iii) the reports must (a) contain a detailed description of the facts and the grounds underpinning the indication and (b) be accompanied by all the relevant supporting documentation, including description of how the indication was detected and how the documents were obtained by the intermediary;
- (iv) irrespective of the communication by the intermediary to the regulator and self-regulator, the intermediary must continue to monitor the case and send new communications of new facts, besides taking immediate measures, as may be necessary; and

- (v) the communications must be sent via channels already established for that purpose.

More information, including the full text of SMI Circular Letter 1/2024, can be found at the website of the CVM (www.gov.br/cvm).

The Newsletter Moreira Menezes, Martins Advogados is an exclusively informative publication, and may not be considered as a legal opinion, suggestion or orientation of the Firm, for any purpose.
