

SHAREHOLDERS' MEETINGS:

*Where the future of
companies is decided*

The Shareholders' Meeting is the highest decision-making body of a corporation. It is where shareholders, gathered together, transform individual interests into collective will, guiding the direction of the company.

WHAT IT IS AND WHY IT MATTERS

More than a formal procedure, the Shareholders' Meeting is the arena where major decisions are born. From its constitution (Article 87 of the Brazilian Corporations Law) — which requires the presence of at least 50% of subscribed capital on first call — to the company's day-to-day matters (Article 121), it is here that accounts are approved, directors are elected, and mergers, acquisitions, and bylaw amendments are decided.

Exclusive Powers

The Brazilian Corporations Law grants the Meeting non-delegable powers (Article 122): amending the bylaws, approving financial statements, authorizing the issuance of debentures, deliberating on transformation or dissolution of the company, among others. In short, it is the guardian of the company's future.

Historical Evolution

For a long time, Shareholders' Meetings lost strength to controlling groups and the concentration of power in the board of directors. The Corporations Law, however, introduced mechanisms of balance, such as cumulative voting (Article 141), minority shareholder protections in cases of transfer of control (Article 254-A), and mandatory public offering rules, granting shareholders a stronger role in publicly held companies.

TECHNOLOGY AND INNOVATION

Virtual and hybrid Shareholders' Meetings are now a reality, permanently authorized by Law 14.030/2020 and regulated by CVM Resolution 81/2022. Tools such as blockchain, tokenized voting, and proxy voting ballots provide greater transparency, security, and traceability, reinforcing the legitimacy of corporate decisions.

Who Participates?

Not every investor is a shareholder. One may invest through debentures, derivatives, stock options, or depositary receipts without acquiring automatic political rights. Only shareholders — those who have subscribed and fully paid-in shares — are entitled to voice and vote at the Meeting. It is the moment when an investor truly becomes a partner in the company.



MARKET AND GOVERNANCE

At B3 (the Brazilian Stock Exchange), companies may adhere to different corporate governance tiers, with the “Novo Mercado” being the most stringent, demanding the highest level of transparency. Significant shareholdings (5% or more of voting or non-voting capital) must be disclosed to the market, pursuant to CVM Resolution 160/2022. Instruments such as the mandatory public offering (OPA) strengthen shareholder protection. Yet, practices like board interlocking, situation in which the same individual simultaneously holds board positions in two or more different companies, still raise ethical and independence challenges.

Global Innovation

Shareholders' Meetings are not a Brazilian exclusivity. Depositary Receipts (DRs), as certificates representing shares of a company issued in one country but traded in another market - such as American Depositary Receipts (ADRs), European Depositary Receipts (EDRs), and Global Depositary Receipts (GDRs) - allow foreign investors to participate in the decision-making processes of Brazilian companies. In the United States, the well-known **Howey Test** is used to determine when an asset should be treated as a security — a debate increasingly relevant in light of tokenization, also inspiring discussions at Brazil's CVM.

In summary: the Shareholders' Meeting is the arena where rights, duties, and strategies intersect. It represents the collective voice of shareholders, the transparency forum of management, and the cornerstone of corporate governance.



At our firm, we closely monitor the challenges of corporate governance, providing legal support to corporations, boards, and investors.

Do you want to understand how new technologies and regulations may impact your role as a shareholder or a manager/director? **Get in touch with our team.**

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