



Une entreprise d'avocats d'entreprises

Setting up a company in Brazil

Brazil is a market which comprises almost 190 millions of potential clients. With dimensions of a continent and abundant natural resources, the Latin American country has developed its legal framework and shaped up the economy to receive more foreign investments, becoming a very attractive and reliable port for low risk and long-term investments.

Over the last 20 years, the different democratic governments have been consistently supporting enlargement of infra-structure sectors of economy, such as energy, oil and gas, transport, and development of roads; as well as organizing the economy to carry out new sectors of economy, specially the biotech segment.

The world crisis of 2009 was a good proof that the policies adopted over the years are in the right track. Different then other times, this BRIC country did not suffer as much, and, in general, was able to recuperate its losses quite rapidly.

Brazil has nowadays a steadfast legal system, which provides confidence for small to grand scale investments, and large possibility of funding (BNDES, BID, etc.).

Brazilian legislation foresees eight different types of companies. Nevertheless, the most common types are the full limited liability ones, which are "*sociedade limitada*" and "*sociedade anônima*", being some of the others reserved for scarcely forms of operations.

Below some basic information regarding the corporate legal aspects of such type of companies may be founded.

Notwithstanding, it should always be kept in mind that, although authorities have been endeavoring efforts to achieve a more unifying and accelerated registration process, the whole procedure of setting up a company involves registration before the Board of Trades, applicable tax authorities (Federal State and Municipal), and in cases of foreign stockholders, company registration before the Brazilian Central Bank.

	<i>Sociedade Limitada</i> ("Ltda.")	<i>Sociedade Anônima</i> ("S.A.")
Key Advantages	Simplified Structure and more limited legal costs.	Structured for "monitored delegation". Organization of ownership. Allows simplified transfer of capital.
Minimum Capital	None. Perhaps subject to specific sector regulation.	None. Perhaps subject to specific sector regulation.
Management	Minimum one individual.	The management might be done by Officers and by the Board of Directors. S.A.'s shall have a minimum of 2 Officers who shall be Brazilian residents. The existence of a Board of Directors is mandatory whenever there is pre-authorized capital or when the company is publicly held, and it must consist of at least 3 members. Members of Board of Directors must be stockholders. 1/3 of the Board of Directors may hold office of Officers.
Appointment and Dismissal of Management	Managing stockholder is designated by approval of majority; and dismissed by approval of at least 2/3 of the capital stock. Non-stockholder manager is designated by unanimity until capital stock is fully paid up or by means of approval of 2/3 of capital stock after; and dismissed by approval of more than 1/2 of the capital stock.	The directors are appointed in Ordinary Annual Meetings. The officers shall be elected, and at any time removed, by the Board of Directors, or if none, by a general meeting.
Stockholders	Minimum of 2 individual or corporate entities. At least 1 meeting per year: approval of the accounts. No possibility of different classes of stock. All stockholders have the same rights and duties.	Minimum of 2 individual or corporate entities. At least 1 meeting per year: Ordinary General Meeting for the approval of the accounts, deliberation regarding net profit and dividends, appointing of management team. Possibility of establishing different classes and types of shares.

Blocking Minority	General Quorum: 50% +1 of stockholders present at a meeting. Some special quorums: Unanimity for cases of liquidation of the company.	General Quorum: 50% +1 of shareholders present (General Shareholders Meeting). Some special quorums: 50% +1 of capital stock with voting rights (Extraordinary Shareholders Meeting).
Transfer of Shares	No ceiling. Transfer happens with amendment to the articles of incorporation, and its registration before the Board of Trades.	No ceiling. Transfer happens with the signature in the Books.
Auditors	Independent auditor certified by the Brazilian Security Commission necessary if company exceeds the thresholds below: assets over R\$240,000.00 or annual gross revenue over R\$ 300,000.00. Companies with net worth on the date of the balance sheet exceeding R\$ 2,000,000.00 (two million Brazilian reais) are obliged to prepare and publish the cash flow statement.	Independent auditor certified by the Brazilian Security Commission necessary if company exceeds the thresholds below: assets over R\$240,000.00 or annual gross revenue over R\$ 300,000.00. Companies shall publish its financial statements in the official gazette, except for those with less than 20 (twenty) shareholders and net worth not exceeding R\$ 1,000,000.00 (one million reais).

* All mentioned quorums foreseen might be increased.

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