

## INTERNATIONAL CAPITAL AND FOREIGN EXCHANGE MARKET REGULATION

TITLE : 1 - Foreign Exchange Market

CHAPTER : 1 - General Provisions

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1. This title deals with regulatory provisions and procedures related to the exchange market under Resolution no. 3568, of May 29, 2008.
2. The provisions under this title apply to operations performed in the foreign exchange market, which includes:
  - a) foreign currency purchase and sale operations and transactions in gold as foreign exchange instrument, performed with institutions authorized by the Central Bank of Brazil to operate in the foreign exchange market, as well as domestic currency operations between residents, domiciled or headquartered in Brazil and residents, domiciled, or headquartered abroad;
  - b) operations related to transfers to and from other countries by use of international cards, as well as the performance of international postal international postal transfers of money, including postal vouchers and international postal reimbursements.
3. Natural and juristic persons may purchase and sell foreign currency and perform international transfers in Brazilian reals, of any nature, without limitation of amount, regarding that the counterparty in the operation is an agent authorized to operate in foreign exchange, observed the legality of the operation, based on the economic framework of the operations and the responsibilities defined in the appropriate documentation.
4. (Revoked) Circular no. 3390/2008
5. The provisions of paragraph 3 also apply to purchases and sales of foreign currency by natural or juristic persons who are resident, domiciled or headquartered in Brazil, with bank authorized to operate in the foreign exchange market for the purpose of building assets abroad and returning such assets as well as back to back operations.
- 5-A. Additionally, the following provisions are applicable to operations performed in the foreign exchange market operations conducted in the foreign exchange:
  - a) financial transfers related to investments abroad by financial institutions and other institutions authorized to operate in the country by the Central Bank of Brazil must comply with specific regulation;
  - b) investment funds may transfer resources to and from abroad related to investments abroad must comply with the regulation issued by the Securities and Exchange Commission and with the foreign exchange regulation issued by Central Bank of Brazil;
  - c) financial transfers related to investments abroad by pension funds must comply with specific regulation.
6. Provisions specific to each operation, dealt with in appropriate titles of this Regulation, shall be observed so that transfers to and from other countries shall depend, in addition, on compliance and observance of applicable legislation and regulation on the matter, including those from other government bodies.
7. Transfers of funds under this Regulation imply assumption by the client, under the penalties of the law, of responsibility for the legitimacy of the documentation produced before the agent authorized to operate in the foreign exchange market.
8. The settlement, in the foreign exchange market, in foreign currency equivalent, of commitments in domestic currency, of any nature, entered into between natural or juristic persons who are resident, domiciled or headquartered in Brazil and natural and juristic persons who are resident,

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domiciled or headquartered abroad is permitted, provided the appropriate documentation is properly produced.

9. Performance of operations aimed at protecting against the risk of interest rate change, parities between foreign currencies and prices of goods in the international market shall observe the provisions of title 2, chapter 4 of this Regulation.
  10. Natural and juristic persons who are resident, domiciled or headquartered in Brazil may honor his external commitment:
    - a) in foreign currency, through foreign exchange operation;
    - b) in domestic currency, crediting the funds to the current account of the natural or juristic person who is resident, domiciled or headquartered abroad, such account opened and maintained in Brazil under the legislation and regulation in effect;
    - c) with use of his own abroad assets, duly complying, as the case may be, with specific statements contained in legislation in force, specially the provisions of title 2, chapter 2.
  11. Operations in the foreign exchange market mentioned by this Regulation shall be performed solely through market agents authorized by the Central Bank of Brazil for such purpose, as defined in chapter 2 of this title.
  12. For the purpose of this Regulation, references to purchase and to sale of foreign currency mean that the agent authorized to operate in the foreign exchange market is either the buyer or the seller, respectively.
  13. Payments to and receipts from foreign countries shall be performed, as a general rule, through bank transfers or other means specifically foreseen by applicable legislation and this Regulation.
  - 13-A. In the case of remittance to offshore, the respective electronic message must contain the name, number of identification number, address and number of bank account or CPF/CNPJ of the sender of the order, when the means of delivery of currency by the issuer is not for debit onto account.
  - 13-B. Money inflows by means of electronic messages which do not include the name, address, identification document and bank account of the issuer abroad must be the object of special care on the part of financial institutions.
  14. The institution authorized to operate in the foreign exchange market must promptly notify the beneficiary on the receipt of payment order in foreign currency coming from abroad in his/her name, informing him/her that the payment order can be negotiated in full or in installments.
  15. (Revoked) Circular no. 3390/2008
  16. (Revoked) Circular no. 3390/2008
  17. A payment order not completed abroad shall be the subject of a foreign exchange contract with the former taker of such order, under the same foreign exchange classification of the transfer abroad and code of the specific group, and the bank shall communicate the event to such taker within three business days from the date in which the bank received the information of the failure to complete the payment order from its correspondent abroad.
  18. (Revoked) Circular no. 3545/2011
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19. The foreign exchange rate is freely adjusted between the agents authorized to operate in the foreign exchange market or between such agents and their clients, being the foreign exchange operations contracted for immediate or future settlement and, in the case of term interbank operations, observing that:
- a) for immediate or future settlement, the foreign exchange rate shall reflect solely the price of the currency traded on the date of the foreign exchange contract, being permitted, in operations for future settlement, the negotiation of a premium or bonus;
  - b) for term settlement, the foreign exchange rate is freely negotiated between the parties and shall reflect the foreign currency price traded on the date the foreign exchange operation is settled.
20. The purchase or the sale of foreign currency at rates in disagreement with the market, or at rates which may indicate foreign exchange evasion and price manipulation or artificial price formation are subject to the penalties and other sanctions envisaged by applicable legislation and regulation in effect.
21. In order to determine the equivalence in United States dollars of foreign exchange operations performed with other foreign currencies, one shall use the parity correlation more recently available, on the date of the event, in Sisbacen, transaction PTAX800, option 1.
- 21-A. In foreign exchange operations performed with clients for prompt settlement up to US\$100,000.00 (one hundred thousand United States dollars) or its equivalent in other currencies, the agents authorized to operate in the foreign exchange market must transmit to Central Bank of Brazil the Total Effective Value (VET), in reals per unit of foreign currency and calculated considering the exchange rate, taxes and tariffs eventually charged. (NR)
22. Agents authorized to operate in the foreign exchange market, as well as companies responsible by financial transfers related to use of international cards and companies performing postal international financial transfers shall comply with the foreign exchange legislation and regulation.
23. Agents authorized to operate in the foreign exchange market shall comply with the rules to perfectly identify their clients as well as to assess the responsibility of the appropriate parties regarding the legality of operations performed.
- 23-A. In the purchase and sale of foreign currency held by banknotes disperser machine, customer shall be identified by:
- a) card of international use with electronic validation of ownership, or
  - b) passport with data that can be electronically read and validated. (NR)
24. In a foreign currency sale operation, the equivalent value in domestic currency shall be accepted by the seller by means of:
- a) debit in the account held by the purchaser;
  - b) receipt of a crossed check issued by the purchaser, nominative to the seller and not endorsable; or
  - c) Electronic Available Transfer (TED) or any other bank order for the transfer of funds, provided that such order is issued in the name of the buyer and the corresponding funds are debited in an account held by such buyer.

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25. In a foreign currency purchase operation, the equivalent value in domestic currency shall be delivered to the seller by means of:
- credit in the account held by the seller;
  - TED or any other bank order for the transfer of funds to be credited in account held by the seller;
  - check issued by the buyer, nominative to the seller, crossed and not endorsable.
- 25-A. (Revoked) Circular no. 3493/2010
- 25-B. In transactions up to US\$ 3,000.00 (three thousand dollars) or its equivalent in other currencies, the receipt and delivery of the domestic currency and the foreign currency may be performed also using banknote dispenser machines. (NR)
26. The provisions of paragraphs 24 and 25 above do not apply to purchases and sales of foreign currency the equivalent value of which in domestic currency is below R\$ 10,000 (ten thousand Brazilian reals) for each customer, a case in which payment or receipt of the amount in Brazilian reals may be accepted through any means of payment used in the financial market, including payment in cash.
- 26-A. In addition to the specific information required by this Regulation, it must be identified in Integrated System of Registration of Foreign Exchange (Foreign Exchange System) the name of the sender or recipient of the funds coming from abroad, the country and its relationship with the customer of the transaction. (NR)
27. (Revoked) Circular no. 3390/2008
28. In case the operation underlying the transfer is not completed in imports where prepayment abroad is required, the buyer of foreign currency shall cause the corresponding funds to return to Brazil, under the same classification used to make the remittance abroad, when the funds are effectively reimbursed, using the specific group code.
29. Fractioning of foreign exchange agreements is not permitted for the use of any right specially granted under this regulation. (NR)
30. Financial institutions and the other institutions authorized to operate in the country by the Central Bank of Brazil, authorized to operate in the foreign exchange market, may convert manual foreign exchange in drafted foreign exchange and drafted foreign exchange into manual foreign exchange among them or with financial institutions abroad.
31. The Central Bank of Brazil may, at its discretion, transform manual foreign exchange into drafted foreign exchange and vice-versa, as well as perform arbitrage operations upon request by financial institutions and other institutions authorized to operate in the country by the Central Bank of Brazil, authorized to operate in the foreign exchange market.
32. Intervention of brokerage societies is optional in contracting of foreign exchange operations of any nature, notwithstanding the value of the operation, and the appropriate brokerage fee is freely agreed between the parties.
33. Foreign exchange contracting and international transfer in Brazilian reals related to payments due to other countries and receipts due to Brazil must be processed separately under the total value of the same nature.
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34. Foreign exchange contracts or international transfers in Brazilian reals (TIR) that have settlement (in the case of foreign exchange contracts) or Sisbacen recording (in the case of TIR) on a same date, the contracting and the TIR recording must be made using the gross amounts and the inward and outward transfers can be made at its net value, regarding the legitimacy of the creditor/debtor in compliance with the regulation.
35. Simultaneous foreign exchange operations or simultaneous international transfers in Brazilian reals are considered effective operations for all purposes, in compliance with all operating procedures envisaged in applicable regulation and evidenced taxes payment related to the operations.
36. In case of assumption of obligation to foreign loan transaction, subject to registration with the Central Bank of Brazil, contracted directly or through the issuance of securities abroad, simultaneous exchange transactions or international transfers in reals should be performed by the assignee of the obligation.
37. The settlement of the simultaneous foreign exchange operations in the form of currency delivery alien is classified as "symbolic" should be ready and have the same value and currency. (NR)