

INTERNATIONAL CAPITAL AND FOREIGN EXCHANGE MARKET REGULATION

TITLE : 2 - Brazilian Capital Abroad

CHAPTER : 2 - Available Resources Abroad

1. Financial institutions and the other institutions authorized to operate by the Central Bank of Brazil, authorized to operate in the foreign exchange market may, through banks authorized to operate in the foreign exchange market, make transfers abroad for individuals or corporate entities, resident, domiciled or headquartered in the country for purposes of constituting available resources abroad.
2. For purposes of the provisions in this chapter, "available resources abroad" signifies the holding of resources in an account by individuals or corporate entities resident, domiciled or headquartered in the country in one's own name in a financial institution abroad.
3. When such transfers are made for purposes of constituting available resources abroad, the number of the account and the name of the depository institution abroad must be stated in the space "Other specifications" on the exchange contract.
4. The amount of foreign currency derived from Brazilian goods and services exported by natural and juristic persons and kept abroad, can be used only for investments, financial applications or payment of the exporter's own obligations. The granting of loans or mutual operations of any nature is prohibited.
5. The declaration to the Federal Revenue Secretary concerning the funds mentioned in the previous item must comply with specific regulation. (NR)
6. The Banks authorized to operate in the foreign exchange market may invest their funds available abroad, taken into account:
 - a) the institution's foreign exchange position;
 - b) the balance of the current account in foreign exchange kept in Brazil, being such account open and operating in compliance with the legislation and regulation in effect;
 - c) other funds available abroad in current accounts of the same institution, including those received as payment deriving from Brazilian exports.
7. The investments dealt with in the previous item are limited to the following modalities:
 - a) bonds issued by the Brazilian government;
 - b) bonds issued by foreign countries;
 - c) bonds issued by or of responsibility of financial institution;
 - d) time deposits in a financial institution. (NR)
8. Regarding the investments mentioned in items 6 and 7 above, the banks must distribute its funds, so as to allow, cumulatively, to meet its commitments, to attend clients interests, to mitigate risks and to manager assets adequately. (NR)