

INTERNATIONAL CAPITAL AND FOREIGN EXCHANGE MARKET REGULATION

TITLE : 3 - Foreign Capital in Brazil

CHAPTER : 4 - Domestic currency capital – Law no. 11371, of 2006

1. This chapter provides for the registration with Central Bank of Brazil, in local currency, of foreign capital mentioned in Art. 5 of Law no. 11371, of November 28, 2006, performed in declaratory form and electronically, on the basis of Regulation Annex V to Resolution no. 3844, of March 23, 2010.
 2. Foreign capital included in this chapter, provided it appears regularly in the accounting records of the Brazilian company receiving the foreign investment should be registered in the corresponding modules of the Electronic Declaratory Registration- RDE in the Central Bank Information System (Sisbacen). .
 3. It is included in foreign capital stated in item 1 of this chapter are the investments and Foreign Loans and other capital resources derived from those capitals produced under the terms of applicable legislation.
 4. The registration mentioned in this chapter shall occur regardless of the date of its payment, until the last day of the calendar year subsequent to the annual statement in which the corporation is obliged to register the capital, observing, with regard to capital existing as of December 31, 2005, the provisions of § 2 of art. 5 of Law no. 11371, of 2006.
 5. The following provisions shall apply to the registration of foreign direct investment under this chapter:
 - a) the registration shall be made in Foreign Direct Investment Module (RDE-IED);
 - b) the additional participations to foreign investment, made in the same receiving company, already having the Electronic Statement Registration (RDE-IED) should be registered under the same registration number;
 - c) the capitalization of profits and dividends, interest on capital and reserves of profits from the share of capital registered under this chapter must be registered in the FDI module of the RDE;
 - d) in the cases of new records, shall be observed the procedures set out in items 8 and 9, Section 1, Chapter 2 of this title must be observed prior registration;
 - e) regardless of the date of payment of the foreign participation in the capital of the Brazilian receiving company of the investment, the participation to be recorded shall be that contained in the accounting records of the company, according to the rules in force, for which there is documentary evidence of ownership of foreign capital.
 6. In the case of investments in financial institutions, in other institutions authorized to operate by the Central Bank of Brazil and in consortium management companies, the registration shall be preceded by a manifestation from the Fiscal System Organization Department (Deorf).
 7. The following provisions shall apply to the credit operations pursuant to this chapter:
 - a) the registration will be made in the Financial Operations Registration (RDE-ROF) module;
 - b) the prior registration procedures set out in items 2 and 3, Section 1, Chapter 3 of this title must be accomplished;
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- c) regardless of the date and form of the foreign credit, the value to be registered shall be the one contained in the accounting records of the company, according to the regulations in force, for which there is documentary evidence of ownership of foreign capital.
- 8. The registration, according to this chapter, of foreign capital subject to other forms of registration, to which to specific regulations apply, including as to the deadline for registration and the imposition of penalties is forbidden.
- 9. The provisions and procedures contained in chapters 2 and 3 of this title, as appropriate, including with respect to transfers to other countries, resulting from the registrations made under this chapter shall apply to the operations mentioned in this chapter, as applicable.
- 10. The following are responsible for the registration, for purposes of this chapter:
 - a) in the case of foreign direct investment, the company receiving the investment and the representative in Brazil of the foreign investor, indicated in the RDE-IED Module;
 - b) in other cases, the borrower of funds abroad.
- 11. The instructions for the declarant to make the registration with the system are included in the topic Capital in national currency - Law no. 11371, of 2006, available on the Central Bank of Brazil page on the Internet (www.bcb.gov.br), in the section Câmbio e capitais estrangeiros - Manuais - Manuais do registro Declaratório Eletrônico - RDE-IED - Manual do declarante e RDE-ROF - Manual do Declarante.