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FEDERAL PUBLIC SECURITIES

Chapter I – National Treasury Securities

National Treasury Note (NTN) – series A₁

Objective: utilized in exchanges for Brazil Investment Bonds (BIB).

Characteristics:

- a) term: up to sixteen years, duly complying with the remaining maturity schedule of the BIB used in the exchange operation;
- b) interest rate: 6% per year (six percent per year), assessed on updated nominal value;
- c) placement system: direct, in the benefit of the interested party, at par, with a premium or at a discount;
- d) modality: nominal and negotiable;
- e) nominal value: multiple of R\$1,000.00 (one thousand reals);
- f) updating of nominal value: according to the change in the sale rate of the United States dollar on the free rate exchange market, as announced by Banco Central do Brasil, utilizing the average rates of the business day immediately prior to the dates of issue and maturity of the paper in question;
- g) payment of interest: every 15th day of the months of March and September, with adjustments in the first period when such are appropriate;
- h) redemption of principal: under the same conditions as payment of the BIB that gave rise to the exchange operation, with adjustments in the first period when such are appropriate.
- i) custody: Special System of Clearance and Custody (Selic).

National Treasury Note (NTN) – series A₂

Objective: utilized in exchanges for Interest Due and Unpaid Bonds (IDU).

Characteristics:

- a) term: up to four years, duly complying with the remaining maturity schedule of the IDU used in the exchange operation;
- b) interest rate: half-year London Inter-Bank Offered Rate (Libor) announced by Banco Central do Brasil, utilizing the rate for the second business day prior to that of recontracting, plus spread of eight thousand, one hundred and twenty five ten thousandths percent per year, assessed on the updated nominal value and duly respecting a ceiling of twelve percent per year;
- c) placement system: direct, in the benefit of the interested party, at par, with a premium or at a discount;
- d) modality: nominal and negotiable;

- e) nominal value: multiple of R\$1,000.00 (one thousand reals);
- f) updating of nominal value: according to the change in the sale rate of the United States dollar on the free rate exchange market, as announced by Banco Central do Brasil, utilizing the average rates of the business day immediately prior to the dates of issue and maturity of the paper in question;
- g) payment of interest: every first day of the months of January and July, with adjustments in the first period when such are appropriate;
- h) redemption of principal: under the same conditions as payment of the IDU that gave rise to the exchange operations, with adjustments in the first period when such are appropriate;
- i) custody: Selic.

National Treasury Note (NTN) – series A₃

Objective: utilized in exchanges for Par Bonds.

Characteristics:

- a) term: up to twenty seven years, duly complying with the remaining maturity schedule of the Par Bond used in the exchange operation;
- b) interest rate: assessed on updated nominal value, as follows:
 - b.1) up to April 14, 1998: five and twenty five hundredths percent per year;
 - b.2) from April 15, 1998 to April 14 1999: five and five tenths percent per year;
 - b.3) from April 15, 1999 to April 14, 2000: five and seventy five hundredths per cent per year;
 - b.4) from April 15, 2000 to maturity: six percent per year;
- c) placement system: direct, in the benefit of the interested party, at par, with a premium or at a discount;
- d) modality: nominal and negotiable;
- e) nominal value: multiple of R\$1,000.00 (one thousand reals);
- f) updating of nominal value: according to the change in the sale rate of the United States dollar on the free rate exchange market, as announced by Banco Central do Brasil, utilizing the average rates of the business day immediately prior to the dates of issue and maturity of the paper in question;
- g) payment of interest: every fifteenth day of the months of April and October, with adjustments in the first period when such are appropriate;
- h) redemption of principal: under the same conditions as payment of the Par Bond that gave rise to the exchange operation, with adjustments in the first period when such are appropriate;
- i) custody: Selic.

National Treasury Note (NTN) – series A₉

Objective: substitution of existent NTN-L at Banco Central do Brasil up to the limit of the liability consequent upon the MYDFA.

Characteristics:

- a) term: up to nine years, duly complying with the remaining maturity schedule of MYDFA maturities;
- b) interest rate: half-year Libor announced by Banco Central do Brasil, utilizing the rate for the second business day prior to that of recontracting, plus spread of eight thousand, one hundred and twenty five ten thousandths percent per year, assessed on the updated nominal value and duly respecting a ceiling of twelve percent per year;
- c) placement system: direct, in the benefit of the interested party;
- d) modality: nominal and non-negotiable;
- e) nominal value: multiple of R\$1,000.00 (one thousand reals);
- f) updating of nominal value: according to the change in the sale rate of the United States dollar on the free rate exchange market, as announced by Banco Central do Brasil, utilizing the average rates of the business day immediately prior to the dates of issue and maturity of the paper in question;
- g) payment of interest: every fifteenth day of the months of March and September, with adjustments in the first period when such are appropriate;
- h) redemption of principal: under the same conditions observed for payment of the MYDFA, with adjustments in the first period when such are appropriate;
- i) custody: Selic.

National Treasury Note (NTN) – series B

Objective: can be issued for coverage of budget deficit as well as for credit operations based on anticipated revenues, duly complying with the limits defined by the legislature.

Characteristics¹⁰:

- a) term: minimum of 12 (twelve) months;
- b) interest rate: 6% per year (six percent per year) assessed on the updated nominal value;
- c) modality: nominal and negotiable;
- d) nominal value: multiple of R\$1,000.00 (one thousand reals);
- e) updating of nominal value: according to the change in the Broad National Consumer Price Index (IPCA) of the previous month, announced by the Brazilian Institute of Geography and Statistics Foundation (IBGE) as of the security base date;

10/ All series have already been redeemed.

- f) payment of interest: half-yearly, adjusting the term of the first period it becomes effective, whenever applicable. The first interest coupon to be paid will grant a 6-month full rate, regardless the issuance date of the security;
- g) redemption of principal: in a single payment on the date of maturity;
- h) custody: Selic.

National Treasury Note (NTN) – series C

Objective: can be issued for coverage of budget deficit as well as for credit operations based on anticipated revenues, duly complying with the limits defined by the legislature.

Characteristics:

- a) term: minimum of 12 (twelve) months;
- b) interest rate: 6% per year (six percent per year) assessed on the updated nominal value;
- c) modality: nominal and negotiable;
- d) nominal value: multiple of R\$1,000.00 (one thousand reals);
- e) updating of nominal value: according to the change in the IGP-M of the previous month, as announced by the FGV;
- f) payment of interest: half-yearly, with adjustments in the first period, when such are appropriate;
- g) redemption of principal: in a single payment on the date of maturity;

$$\text{Updated Nominal Value} = (\text{IGP-Mt}/\text{IGP-Mt-1}) \times \text{R\$1.00}$$

in which:

IGP-Mt= general price index - market of the month prior to that of reference;

IGP-Mt-1= general price index - market of the month prior to that of issue of NTN;

- h) custody: Selic.

National Treasury Note (NTN) – series D

Objective: can be issued for coverage of budget deficit as well as for credit operations based on anticipated revenues, duly complying with the limits defined by the legislature.

Characteristics:

- a) term: minimum of 3 (three) months;
- b) interest rate: 6% per year (six percent per year) assessed on the updated nominal value;

- c) modality: nominal and negotiable;
- d) nominal value: multiple of R\$1,000.00 (one thousand reals);
- e) updating of nominal value: according to the change in the sale rate of the United States dollar on the free rate exchange market, as announced by Banco Central do Brasil, utilizing the average rates of the business day immediately prior to the dates of issue and maturity of the paper in question;
- f) payment of interest¹¹:
 - f.1) up to 6 (six) months: at redemptions;
 - f.2) more than 6 (six) months: half-yearly with adjustment in the first period, when appropriate;
- g) redemption of principal: in a single payment on the date of maturity;
- h) custody: Selic.

National Treasury Note (NTN) – series E

Objective: refinancing of the internal federal public securities debt.

Characteristics:

- a) nominal value: multiple of R\$1,000.00 (one thousand reals);
- b) term: up to 30 (thirty) years;
- c) yield: according to the index calculated on the basis of the TBF released by Banco Central do Brasil, from the date of issue up to the date of maturity of the security;
- d) payment of earnings: half-yearly, with adjustment in the first period, when appropriate;
- e) redemption of principal: in a single payment on the date of maturity;
- f) modality: nominal and negotiable;
- g) custody: Selic.

National Treasury Note (NTN) – series F¹²

Objective: collateral of withdrawals of resources from the FAT.

Characteristics:

- a) term: up to 6 (six) years;
- b) interest rate: 5% per year (five percent per year) assessed on the updated nominal value;
- c) modality: nominal and non-negotiable;
- d) nominal value: multiple of R\$1,000.00 (one thousand reals);

11/ According to Directive 249, dated 9.26.1997, interest on NTN-D issued as of 10.1.1997 and with terms equal to or greater than five years may be negotiated separately from the principal while the other characteristics remain in effect.

12/ All series have already been redeemed.

- e) updating of nominal value: according to an index calculated on the basis of the TR announced by Banco Central from the date of issue to the date of redemptions;
- f) payment of interest: on redemption date;
- g) redemption of principal: in a single payment on the date of maturity;
- h) custody: Selic.

National Treasury Note (NTN) – series H

Objective: can be issued for coverage of budget deficit as well as for credit operations based on anticipated revenues, duly complying with the limits defined by the legislature.

Characteristics:

- a) term: minimum of 3 (three) months;
- b) modality: nominal and negotiable;
- c) nominal value: multiple of R\$1,000.00 (one thousand reals);
- d) updating of nominal value: according to an index calculated on the basis of the TR announced by Banco Central from the date of issue to the date of redemptions;
- e) redemption of principal: in a single payment on the date of maturity;
- f) custody: Selic.

National Treasury Note (NTN) – series I

Objective: contracting of resources for payment of interest rate equalization on export financing operations involving Brazilian goods and services supported by the Proex, when duly foreseen in the Annual Budget Law.

Characteristics:

- a) term: up to 25 (twenty five) years;
- b) modality: nominal and non-negotiable;
- c) nominal value: multiple of R\$1.00 (one real);
- d) updating of nominal value: according to the change in the sale rate of the United States dollar on the free rate exchange market, as announced by Banco Central do Brasil (transaction PTAX 800 – option 5), utilizing the average rates of the business day immediately prior to the dates of issue and redemption of the paper in question;
- e) redemption of principal: up to the date of maturity of the corresponding share of interest of the export financing;
- f) custody: Selic.

National Treasury Note (NTN) – series J¹³

Objective: increase of Banco do Brasil capital.

Characteristics:

- a) term: up to 15 (fifteen) years;
- b) modality: nominal and negotiable;
- c) nominal value: multiple of R\$1,000.00 (one thousand reals);
- d) interest rate:
 - d.1) average rate of earnings on National Treasury Bills (LTN), placed with the public at the start of each interest rate period, based on the LTN issued in the most representative quantity of all issues on the primary market of such papers with varied terms on the same date;
 - d.2) should there be no primary issues of LTN with the public at the start of any interest rate period, the NTN-J will generate earnings at the average adjusted rate of daily financing calculated by the Selic for federal public papers and announced by Banco Central do Brasil, until such time as issues of LTN are reinitiated on a date corresponding to that of the most recent recontracting operations;
- e) interest rate period: equivalent to the maturity term of the LTN cited above;
- f) payment of interest: at the end of each interest rate period, subsequent to the termination of the three year grace period, as follows:
 - f.1) interest up to the end of the grace period will be incorporated into principal;
 - f.2) should termination of the grace period occur on a date between two recontracting operations, the interest corresponding to the period from and including the date of the most recent recontracting operation and up to and excluding the date of the end of the grace period, will be capitalized pro rata for the number of business days, with the remaining share being paid on the date of the following recontracting operation;
 - f.3) should the maturity term of the LTN used as the basis of the recontracting operation prior to redemption of the principal be greater than the period to elapse up to maturity of the paper, interest for this period will be adjusted pro rata for the number of business days;
- g) redemption of principal: in a single installment on the date of its maturity;
- h) custody: Selic.

13/ All series have already been redeemed.

National Treasury Note (NTN) – series L¹⁴

Objective: exchange of National Treasury securities in the Banco Central portfolio (transaction PTAX 800-option 5) issued up to the limit of the Bank's external liabilities, to be assumed by the National Treasury according to the terms of the Brazilian Refinancing Plan and Paris Club.

Characteristics:

- a) term: up to 2 (two) years;
- b) interest rate: 5% per year (five percent per year), assessed on the nominal value;
- c) modality: nominal and non-negotiable;
- d) nominal value: multiple of R\$1,000.00 (one thousand reals);
- e) updating of nominal value: according to the change in the sale rate of the United States dollar on the free rate exchange market, as announced by Banco Central do Brasil, utilizing the average rates of the business day immediately prior to the dates of issue and redemption of the paper in question;
- f) payment of interest: on redemption date;
- g) redemption of principal: in a single installment on the date of maturity;
- h) custody: Selic.

National Treasury Note (NTN) – series M¹⁵

Objective: contracting of funding originating in capitalization effected under the terms of New Money and Debt Conversion Bond Exchange and Subscription Contracts, when such bonds are dated November 29, 1993.

Characteristics:

- a) term: 15 (fifteen) years;
- b) interest rate: Half-yearly Libor plus spread of 0.875% per year (zero point eight hundred and seventy five percent per year), up to the limit of 12% per year (twelve percent per year);
- c) placement system: direct in the benefit of the interested party and with the express authorization of the Minister of Finance, in values of not less than par and in quantities equivalent to those needed as a consequence of the New Money and Debt Conversion Bond Exchange and Subscription Contract, when such bonds are dated November 29, 1993;
- d) modality: nominal and non-negotiable;
- e) nominal value: multiple of R\$1,000.00 (one thousand reals);

14/ All series have already been redeemed.

15/ NTN-M may be utilized at par as a payment instrument in acquisitions of properties and rights transferred in the framework of the PND, according to the terms of Law 8,031/1990.

- f) updating of nominal value: according to the change in the sale rate of the United States dollar on the free rate exchange market, as announced by Banco Central do Brasil (transaction PTAX800 – option 5), utilizing the average rates of the business day immediately prior to the dates of issue and redemption of the paper in question;
- g) payment of interest: half-yearly, according to the redemption month, with adjustment in the first interest rate period, when appropriate, as of and including 1994;
- h) redemption of principal: in 17 (seventeen) half-yearly and consecutive installments as of the seventh anniversary, starting on and including April 15, 1994;
- i) custody: Selic.

National Treasury Note (NTN) – series P

Objective: onlending of resources originating in the privatization process, provided to state companies holding the capital of privatized companies.

Characteristics:

- a) term: minimum of 15 (fifteen) years;
- b) interest rate: 6% per year (six percent per year) assessed on the updated nominal value;
- c) modality: nominal and non-negotiable;
- d) nominal value: multiple of R\$1.00 (one real);
- e) updating of nominal value: according to an index calculated on the basis of the TR announced by Banco Central from the date of issue to the date of redemption;
- f) payment of interest: on redemption date;
- g) redemption of principal: in a single payment on the date of maturity;
- h) custody: Selic.

National Treasury Note (NTN) – series R₁¹⁶

Objective: acquisition by closed social security entities that have public companies, joint capital federal or state corporations, including those of a special nature and foundations instituted by the Public Authority as their sponsors, whether as exclusive sponsors or not. Other private social security entities, as well as insurance companies, capitalization companies and open private social security entities are also permitted to make acquisitions.

^{16/} All series have already been redeemed.

Characteristics:

- a) term: 2 (two) years;
- b) interest rate: 8% per year (eight percent per year), assessed on the updated nominal value;
- c) modality: nominal and negotiable exclusively at a value of not less than par;
- d) nominal value: multiple of R\$1,000.00 (one thousand reals);
- e) updating of nominal value: according to the change in the sale rate of the United States dollar on the free rate exchange market, as announced by Banco Central do Brasil, utilizing the average rates of the business day immediately prior to the dates of issue and redemption of the paper in question;
- f) payment of interest: on redemption date;
- g) redemption of principal: in a single installment on the date of maturity;
- h) custody: Selic.

National Treasury Note (NTN) – series R₂

Objective: acquisition by closed social security entities that have public companies, joint capital federal or state corporations, including those of a special nature and foundations instituted by the Public Authority as their sponsors, whether as exclusive sponsors or not. Other private social security entities, as well as insurance companies, capitalization companies and open private social security entities are also permitted to make acquisitions.

Characteristics:

- a) term: 10 (ten) years;
- b) interest rate: 12% per year (twelve percent per year), assessed on the updated nominal value;
- c) modality: nominal and negotiable exclusively at a value of not less than par;
- d) nominal value: multiple of R\$1,000.00 (one thousand reals);
- e) updating of nominal value: according to the change in the sale rate of the United States dollar on the free rate exchange market, as announced by Banco Central do Brasil (transaction PTAX 800 – option 5), utilizing the average rates of the business day immediately prior to the dates of issue and redemption of the paper in question;
- f) payment of interest: monthly;
- g) redemption of principal: in 10 (ten) annual, successive installments of equal value;
- h) custody: Selic.

National Treasury Note (NTN) – series S

Objective: can be issued for coverage of budget deficit as well as for credit operations based on anticipated revenues, duly complying with the limits defined by the legislature.

Characteristics:

- a) nominal value: multiple of R\$1,000.00 (one thousand reals);
- b) term: composed of 2 (two) periods:
 - b.1) first period: minimum of 7 (seven) days;
 - b.2) second period: minimum of 21 (twenty one) days;
- c) updating of nominal value:
 - c.1) in the first period: defined by the discount applied to the nominal value;
 - c.2) in the second period: defined by the adjusted average rate of daily financing calculated in the Selic for federal securities, as announced by Banco Central do Brasil, accumulated as of the date determined for the start of the second period and assessed on the nominal value;
- d) redemption: at maturity, at the nominal value plus earnings for the second period;
- e) modality: nominal and negotiable;
- f) custody: Selic.

National Treasury Note (NTN) – series T¹⁷

Objective: can be issued for coverage of budget deficit as well as for credit operations based on anticipated revenues, duly complying with the limits defined by the legislature.

Characteristics:

- a) term: up to 15 (fifteen) years;
- b) interest rate: 5% p.y. (five percent per year) assessed on the updated nominal value;
- c) modality: nominal and negotiable;
- d) nominal value: multiple of R\$1,000.00 (one thousand reals);
- e) updating of nominal value: according to an index calculated on the basis of the TJLP, announced by Banco Central, from the date of issue to the maturity date;
- f) payment of interest: on date of redemption;
- g) redemption of principal: in a single installment on maturity date;
- h) custody: Selic.

^{17/} All series have already been redeemed.

National Treasury Note (NTN) – series U

Objective: guaranty of loan contracted from Banco do Brasil by Ministry of Planning and Budget.

Characteristics:

- a) nominal value: multiple of R\$1,000.00 (one thousand reais);
- b) term: up to 15 (fifteen) years;
- c) updating of nominal value: according to an index calculated on the basis of the TJLP, announced by Banco Central, from the date of issue to the maturity date;
- d) interest rate: 6.53% per year (six and fifty three one hundredths percent per year) assessed on the nominal value;
- e) payment of interest: monthly;
- f) redemption of principal: in 24 monthly and consecutive installments with the first maturing on June 1, 1999 and the others on the same days of the subsequent months, each such installment in an amount corresponding to the result obtained by the division of the remaining updated and capitalized balance, found to exist on the maturity date of each one of the installments by the number of maturing installments, including that which is being paid;
- g) modality: nominal and negotiable;
- h) custody: Selic.

National Treasury Bill (LTN)

Objective: can be issued for coverage of budget deficit as well as for credit operations based on anticipated revenues, duly complying with the limits defined by the legislature.

Characteristics:

- a) nominal value: multiple of R\$1.00 (one real);
- b) term: minimum of 28 (twenty eight) days;
- c) discount: represented by the difference in monetary terms between the price of placement by Banco Central and the nominal value of redemption;
- d) redemption: at nominal value on maturity date;
- e) modality: nominal and negotiable;
- f) custody: Selic.

National Treasury Finance Bill (LFT)

Objective: can be issued for coverage of budget deficit as well as for credit operations based on anticipated revenues, duly complying with the limits defined by the legislature.

Characteristics:

- a) nominal value: multiple of R\$1.00 (one real);
- b) system of placement: public offer;
- c) modality: nominal and negotiable;
- d) earnings: defined by the average adjusted rate of financing calculated by the centralized system of clearance and custody for LFT and papers with identical characteristics, as announced by Banco Central, calculated on the basis of nominal value and paid at redemption of the paper in question;
- e) redemption: at nominal value plus respective earnings;
- f) custody: Selic.

National Treasury Finance Bill (LFT) series A

Objective: may be issued for purposes of federal government assumption of debt liabilities of the states and Federal District.

Characteristics:

- a) nominal value: multiple of R\$1,000.00 (one thousand reals);
- b) system of placement: direct, in the benefit of the interested party;
- c) earnings: defined by the average adjusted rate of daily financing calculated in the special system of clearance and custody (Selic), as announced by Banco Central, plus 0.0245% per month;
- d) redemption: redemption of principal: in 180 monthly and consecutive installments with the first maturing in the month following that of issue, each such installment in an amount corresponding to the result obtained by the division of the debt balance, on the maturity date of each one of the installments by the number of maturing installments, including that which is being paid;
- e) custody: Selic.

National Treasury Finance Bill (LFT) series E

Objective: may be issued for purposes of federal government assumption of debt liabilities of the states and Federal District.

Characteristics:

- a) nominal value: multiple of R\$1,000.00 (one thousand reals);
- b) system of placement: direct, in the benefit of the interested party;
- c) earnings: defined by the average adjusted rate of daily financing calculated in the special system of clearance and custody (Selic), as announced by Banco Central;
- d) redemption: in single payment at maturity;
- e) custody: Selic.

National Treasury Bond (BTN)

Objective: Created by Law 7,777, dated 7.19.1989, these papers can be issued for coverage of budget deficit as well as for credit operations based on anticipated revenues, duly complying with the limits defined by the legislature.

Characteristics:

- a) term: up to 25 (twenty five) years;
- b) nominal value: multiple of NCz\$1.00 (one cruzado novo);
- c) system of placement: public offer;
- d) modality: nominal-transferable;
- e) interest rate: 6% per year (six percent per year), assessed on the updated nominal value;
- f) updating of nominal value: according to an index calculated on the basis of the TR, as announced by Banco Central, from the date of issue to the redemption date;
- g) redemption: at nominal value plus the respective earnings;
- h) payment of interest: half-yearly, with adjustment in the first interest rate period, if appropriate;
- i) custody: Selic.

Treasury Financing Certificate (CFT) – series A

Objective: meet the requirements of operations with specific finalities defined in law.

Characteristics:

- a) issue date: 15th (fifteenth) day of each month;
- b) nominal value: multiple of R\$1,000.00 (one thousand reals);
- c) term: up to 30 (thirty) years;
- d) updating of nominal value: according to the IGP-DI of the previous month, as announced by the FGV;
- e) interest rate: up to 6% per year (six percent per year);
- f) payment of interest: on date of redemption of the paper;
- g) redemption of principal: in a single payment at maturity;
- h) modality: nominal and negotiable;
- i) custody: Security Custody and Financial Liquidation Center (Cetip).

Treasury Financing Certificate (CFT) – series B

Objective: meet the requirements of operations with specific finalities defined in law.

Characteristics:

- a) issue date: 15th (fifteenth) day of each month;
- b) nominal value: multiple of R\$1,000.00 (one thousand reals);
- c) term: up to 30 (thirty) years;

- d) updating of nominal value: monthly based on the TR of the previous month, as announced by Banco Central do Brasil;
- e) interest rate: up to 6% per year (six percent per year);
- f) payment of interest: at redemption of security;
- g) redemption of principal: in a single payment at maturity;
- h) modality: nominal and non-negotiable;
- i) custody: Cetip.

Treasury Financing Certificate (CFT) – series D

Objective: meet the requirements of operations with specific finalities defined in law.

Characteristics:

- a) issue date: 15th (fifteenth) day of each month;
- b) nominal value: multiple of R\$1,000.00 (one thousand reals);
- c) term: up to 30 (thirty) years;
- d) updating of nominal value: according to the change in the sale rate of the United States dollar on the free rate exchange market, as announced by Banco Central do Brasil (transaction PTAX 800 – option 5), utilizing the average rates of the business day immediately prior to the dates of issue and maturity of the certificate;
- e) interest rate: up to 6% per year (six percent per year);
- f) payment of interest: half-yearly, with adjustment in first interest period, if appropriate;
- g) redemption of principal: in a single payment at maturity;
- h) modality: nominal and negotiable;
- i) custody: Cetip.

Treasury Financing Certificate (CFT) – series E

Objective: meet the requirements of operations with specific finalities defined in law.

Characteristics:

- a) issue date: 15th (fifteenth) day of each month;
- b) nominal value: multiple of R\$1,000.00 (one thousand reals);
- c) term: up to 30 (thirty) years;
- d) updating of nominal value: monthly, according to the change in the IGP-M of the previous month, as announced by the FGV;
- e) interest rate: up to 6% per year (six percent per year);
- f) payment of interest: on date of redemption;
- g) redemption of principal: in a single payment at maturity;
- h) modality: nominal and non-negotiable;
- i) custody: Cetip.

National Treasury Certificate (CTN)

Objective: provide the resources required for coverage of budget deficits, duly complying with the limits defined by the legislature.

Characteristics:

- a) issue date: first day of each month;
- b) nominal value: R\$1,000.00 (one thousand reals);
- c) term: 20 (twenty) years;
- d) unit price: calculated at the rate of discount of 12% (twelve percent) per year of the updated nominal value;
- e) updating: according to the change in the IGP-M, as announced by the FGV, or another index that may come to substitute that cited above;
- f) repurchase option by issuer: based on the unit price duly updated to the date of repurchase, the option may be exercised as of the date of release of the guaranty;
- g) redemption: in a single payment at maturity;
- h) modality: negotiable, noting that:
 - h.1) these securities will be assigned to the financial institution that is creditor of the debt renegotiation operation as a guaranty of principal, with a specific clause and such papers will remain frozen while they constitute a guaranty and there is no statement of position on the part of the National Treasury with regard to exercise of the repurchase option;
 - h.2) in the case of transfer of the securities to the financial institution as a result of execution of the guaranty, the papers will be considered non-negotiable and the asset in question will be substituted by the Secretariat of the National Treasury, with specification of the new characteristic;
 - h.3) in the case of transfer through a custodian financial institution, that institution should request from the Secretariat of the National Treasury a statement of position with regard to interest in repurchasing the CTN;
 - h.4) in the case in which the Secretariat of the National Treasury does not effect the repurchase, the paper will become negotiable on the market within a period of up to fifteen days after reception of the request for a statement of position regarding the repurchases as specified in item h.3;
- i) custody: Cetip.

Chapter II – Banco Central Securities

Banco Central do Brasil Bonds (BBC)

Objective: monetary policy instruments.

Characteristics:

- a) nominal value: multiple of R\$1,000.00 (one thousand reals);
- b) term: minimum of 28 (twenty eight) days;
- c) modality: nominal and negotiable;
- d) system of placement: public offers, for which the conditions are announced by Banco Central;
- e) discount: represented by the difference in monetary values between the price of placement by Banco Central and the nominal value of redemption;
- f) redemption: at nominal value upon maturity;
- g) custody: Selic.

Banco Central Bonds (BBC) – series A

Objective: monetary policy implementation.

Characteristics:

- a) nominal value: multiple of R\$1,000.00 (one thousand reals);
- b) term: composed of 2 (two) periods:
 - b.1) first period: minimum of 7 (seven) days;
 - b.2) second period: minimum of 21 (twenty one) days;
- c) updating of nominal value:
 - c.1) in the first period: discount represented by the difference between the price of placement by Banco Central do Brasil and the nominal value of the paper;
 - c.2) in the second period: defined by the adjusted average rate of daily financing calculated in the Selic for federal securities, as announced by Banco Central do Brasil, accumulated as of the date determined for the start of the second period and assessed on the nominal value;
- d) redemption: at maturity, at the nominal value plus earnings for the second period;
- e) modality: nominal and negotiable;
- f) custody: Selic;

Banco Central Bills (LBC)

Objective: monetary policy instruments.

Characteristics:

- a) nominal value: multiple of R\$1,000.00 (one thousand reals);
- b) term: maximum of 30 (thirty) months;
- c) system of placement: public offers, for which the conditions will be announced through publication of notifications in the press or provided directly to member institutions of the National Financial System;
- d) modality: nominal and negotiable;
- e) earnings: defined by the adjusted average financing rate calculated in the Selic for federal securities with similar characteristics, as announced by Banco Central do Brasil, assessed on the nominal value and paid upon redemption of the security;
- f) redemption: at nominal value plus respective earnings;
- g) custody: Selic.

Banco Central Bills for Forward Sale to State Financial Institutions (LBCE)

Objective: forward sale to state and federal commercial banks and state and federal financial institutions that have commercial portfolios and that have been previously accredited by Banco Central do Brasil, for purposes of temporary exchange with state public securities. The forward sale operations may be carried out only with federal financial institutions when they are earmarked to state public securities issued by the state, in which the institutions are in the final stage of privatization or transformation into development agencies, according to the terms of Provisional Measure 1,556-11, dated 6.10.1997. It does not consist of effective indebtedness, since its cost is neutralized at the time of redemption of the respective promissory note given to the monetary authority in guaranty.

Characteristics:

- a) value: up to the amount of the securities issued by the controlling state belonging to the acquiring financial institution or other financial institution subject to the same stock control, when such securities are duly registered in their custody positions in Selic;
- b) nominal value: R\$1,000.00 (one thousand reals);
- c) term: to be defined by Banco Central at the time of contracting;
- d) earnings: defined by the adjusted average financing rate calculated in the Selic for federal securities with similar characteristics, as announced by Banco Central do Brasil, assessed on the nominal value and paid upon redemption of the security;
- e) guaranties: at the exclusive criterion of Banco Central, in an amount equivalent to at least 100% (one hundred percent) of the value of the operation;
- f) modality: nominal and non-transferable;

g) custody: Selic.

State public securities earmarked to the forward sale operation are unavailable for any type of transaction through imposition of an impediment to negotiation in Selic during the period of contract validity.

Financial institutions acquiring LBCE are impeded from carrying out definitive sale operations with such papers. Only committed operations are permitted. This prohibition does not apply to definitive sale operations in which the assignee of the securities is the State Debt Fund of the respective state.

Banco Central Note – series A (NBCA)

Objective: Monetary policy instrument

Characteristics:

- a) nominal value: multiple of R\$1,000.00 (one thousand reals);
- b) term: composed of 2 (two) periods:
 - b.1) first period: minimum of 1 (one) month;
 - b.2) second period: minimum of 2 (two) months;
- c) updating of nominal value:
 - c.1) first period: according to the change in the sale rate of the United States dollar on the free rate exchange market, as announced by Banco Central do Brasil (transaction PTAX 800 – option 5), utilizing the average rates of the business day immediately prior to the dates of issue and of the end of the first period;
 - c.2) second period: defined by the adjusted average rate of daily financing calculated in the Selic for federal securities, as announced by Banco Central do Brasil, accumulated as of the date expressly determined in each public offer notification for the start of the second period and assessed on the nominal value;
- d) interest rate in the first period: 6% per year (six percent per year), assessed on the updated nominal value;
- e) interest payment, according to the duration of the first period of validity of the security:
 - e.1) up to 6 (six) months: at the end of the first period;
 - e.2) beyond 6 (six) months: half-yearly, according to the month in which the first period ends, with adjustment in the first interest period, if appropriate;
- f) redemption of principal: in a single payment at maturity;
- g) modality: nominal and negotiable;
- h) custody: Cetip.

Banco Central do Brasil Note – Floating Rate Series (NBCF)

Objective: monetary policy instrument.

Characteristics:

- a) nominal value: multiple of R\$1,000.00 (one thousand reals);
- b) updating of nominal value: according to the change in the sale rate of the United States dollar on the floating rate exchange market, as announced by Banco Central do Brasil (transaction PTAX 800 – option 5), utilizing the average rates of the business day immediately prior to the dates of issue and redemption of the security in question;
- c) interest rate: 6% per year (six percent per year), assessed on the updated nominal value;
- d) interest payment, according to the term of the security:
 - d.1) up to 6 (six) months: at redemptions;
 - d.2) beyond 6 (six) months: half-yearly, according to the month of redemption, with adjustment in the first interest period, if appropriate;
- e) term: minimum of 3 (three) months;
- f) modality: nominal;
- g) custody: Selic.

Banco Central do Brasil Note – Special Series (NBCE)

Objective: monetary policy instrument.

Characteristics:

- a) nominal value: multiple of R\$1,000.00 (one thousand reals);
- b) updating of nominal value: according to the change in the sale rate of the United States dollar on the free rate exchange market, as announced by Banco Central do Brasil (transaction PTAX 800 – option 5), utilizing the average rates of the business day immediately prior to the dates of issue and redemption of the security in question;
- c) interest rate: 6% per year (six percent per year), assessed on the updated nominal value;
- d) interest payment, according to the term of the security:
 - d.1) up to 6 (six) months: at redemptions;
 - d.3) beyond 6 (six) months: half-yearly, according to the month of redemption, with adjustment in the first interest period, if appropriate;
- e) term: minimum of 3 (three) months;
- f) modality: nominal and negotiable;
- g) custody: Selic.