



Main Economic Policy Measures

Constitutional Amendments

55, dated 9.20.2007 – Altered article 159 of the Constitution, raising federal government transfers to the Revenue Sharing Fund of Municipalities (FPM) by one percentage point (from 22.5% to 23.5%, with disbursement in the first 10-day period of December of each year. In the 2007 fiscal year, this alteration applies solely to tax collections registered as of September 1. The measure implies an increase of approximately R\$1.97 billion in 2008 in the federal government transfers to municipalities, based on the 2008 budget proposal estimates of the Income Tax (IR) and Industrialized Products Tax (IPI).

56, dated 12.20.2007 – Extended the legal effects of the Release of the Federal Government Resources Entitlements (DRU) through 12.31.2011.

Complementary Laws

124, dated 1.3.2007 – According to the terms of article 43 of the Federal Constitution, instituted the Amazon Region Development Authority (Sudam), a special semi-autonomous agency with administrative and financial autonomy included in the Planning System and Federal Budget. The entity will be headquartered in the city of Belém (Pará) and is subordinated to the Ministry of National Integration. The objective of Sudam is to further inclusive and sustainable development in its area of activity and foster the competitive integration of the regional productive base into the national and international economy. The law determined its composition, legal nature, objectives, area of jurisdiction and action instruments and also dealt with the Amazon Region Development Fund (FDA).

125, dated 1.3.2007 – According to the terms of article 43 of the Federal Constitution, instituted the Northeast Region Development Authority (Sudene), a special semi-autonomous agency with administrative and financial autonomy included in the Planning System and Federal Budget. The entity will be headquartered in the city of Recife (Pernambuco) and is subordinated to the Ministry of National Integration. The objective of Sudene is to further inclusive and sustainable development in its area of activity and foster the competitive integration of the regional productive base into the

national and international economy. The law determined its composition, legal nature, objectives, area of jurisdiction and action instruments and dealt with the Northeast Development Fund (FDNE).

126, dated 1.15.2007 – Dealt with reinsurance policy, retrocession and its intermediation, coinsurance operations, contracting of insurance abroad and foreign currency operations in the insurance sector.

127, dated 8.14.2007 – Altered Law no. 123, dated December 14, 2006, which instituted the National Micro and Small-Scale Business Statute.

Laws

11,445, dated 1.5.2007 – Defined national guidelines for basic sanitation and related policy. Basic sanitation is defined as the complex of services, infrastructure and operational facilities for supplying drinking water, sewage services, urban cleaning and solid waste management, as well as draining and management of urban rainwater.

11,451, dated 2.7.2007 – For the 2007 fiscal year, estimated federal government revenues at R\$1,575,881 million and set expenditures at an equal amount. Of this total, R\$558,326 million referred to the Fiscal Budget; R\$312,067 billion to the Social Security Budget; R\$655,751 million to federal public debt refinancing; and R\$49,737 million to the Investment Budget of state-owned companies.

11,452, dated 2.27.2007 – Dealt with federal government financial assistance provided to states and municipalities during the 2006 fiscal year, with the objective of stimulating the nation's exports; altered laws no. 8,248/1991, no. 8,387/1991, no. 10,865/2004, no. 11,051/2004, no. 10,833/2003, no. 11,314/2006, no. 11,119/2005, no. 7,713/1988, no. 9,250/1995, no. 11,281/2006, Decree Law no. 1,593/1977, Provisional Measure no. 2,185-35/2001 and Law no. 10,168/2000. Provisional Measure no. 328, dated 11.1.2006 was converted into law.

11,457, dated 3.16.2007 – Authorized unification of the Federal Revenue Secretariat with the Social Security Revenue Secretariat, subordinated to the Ministry of Social Security. This unification gave rise to a new entity within the direct government administration, designated Federal Revenue Secretariat of Brazil, subordinated to the State Minister of Finance.

11,460, dated 3.21.2007 – Dealt with planting of genetically modified organisms in conservation units; added provisions to laws no. 9,985/2000 and no. 11,105/2005; revoked article 11 of Law no. 10,814/2003.

11,474, dated 5.15.2007 – Altered Law no. 10,188, dated 2.12.2001, which created the residential lease program and instituted residential leasing with purchase option, and Law no. 11,265, dated 1.3.2006, which regulated marketing of foodstuffs for suckling infants and young children, as well as related puericulture products.

11,477, dated 5.29.2007 – Altered provisions of Law no. 11,439, dated 12.29.2006, which deals with guidelines for elaboration of the 2007 Budget Law.

11,478, dated 5.29.2007 – Instituted the Infrastructure Participation Investment Fund (FIP-IE).

11,480, dated 5.30.2007 – Authorized renegotiation of federal government and Brazilian Power Stations (Eletrobrás) credits with the Binational Itaipu Enterprise.

11,482, dated 5.31.2007 – Introduced alterations into the individual income tax table; determined a reduction to 0 (zero) of the rate of the Provisional Contribution on Financial Operations (CPMF) in the cases cited therein; altered Laws no. 7,713, dated 12.22.1988, no. 9,250, dated 12.26.1995, no. 11,128, dated 6.28.2005, no. 9,311, dated 10.24.1996, no. 10,260, dated 7.12.2001, no. 6,194, dated 12.19.1974, no. 8,387, dated 12.30.1991, no. 9,432, dated 1.8.1997, no. 5,917, dated 9.10.1973, no. 8,402, dated 1.8.1992, no. 6,094, dated 8.30.1974, no. 8,884, dated 6.11.1994, no. 10,865, dated 4.30.2004, no. 8,706, dated 9.14.1993; and revoked provisions of laws no. 11,119, dated 5.25.2005, no. 11,311, dated 6.13.2006, no. 11,196, dated 11.21.2005, and Decree Law no. 2,433, dated 5.19.1988.

11,484, dated 5.31.2007 – Dealt with incentives to the digital TV equipment industry and that of semiconductor electronic components and intellectual property protection of integrated circuit topographies, instituting the Program of Support to Technological Development of the Semiconductor Industry (Padis) and the Program of Support to Technological Development of the Digital TV Equipment Industry (PATVD); altered Law no. 8,666, dated June 21, 1993; and revoked article 26 of Law no. 11,196, dated November 21, 2005. Provisional Measure no. 352/2007 converted into law.

11,487, dated 6.15.2007 – Altered Law no. 11,196/2005, which instituted the Special System of Taxation for the Information Technology Services Export Platform, the Special System of Capital Goods Acquisitions for Exporter Companies and the Digital Inclusion Program and dealt with fiscal incentives to technological innovation, in order to include new incentives to technological innovation and modify the rules on accelerated amortization for investments earmarked to research and development.

11,488, dated 6.15.2007 – Created the Special System of Incentives Infrastructure Development (Reidi):

- reduced to twenty four months the minimum term for utilization of credits of the contribution to the Social Integration Program/Civil Service Asset Formation

Program (PIS/Pasep) and of the Contribution to Social Security Financing (Cofins) resulting from acquisitions of edifications;

- increased the deadlines for payment of taxes and contributions;
- altered Provisional Measure no. 2,158-35, dated 8.24.2001 and Laws no. 9,779, dated 1.19.1999, no. 8,212, dated 7.24.1991, no. 10,666, dated 5.8.2003, no. 10,637, dated 12.30.2002, no. 4,502, dated 11.30.1964, no. 9,430, dated 12.27.1996, no. 10,426, dated 4.24.2002, no. 10,833, dated 12.29.2003, no. 10,892, dated 7.13.2004, no. 9,074, dated 7.7.1995, no. 9,427, dated 12.26.1996, no. 10,438, dated 4.26.2002, no. 10,848, dated 3.15.2004, no. 10,865, dated 4.30.2004, no. 10,925, dated 7.23.2004, no. 11,196, dated 11.21.2005; and
- revoked provisions of laws no. 4,502, dated 11.30.1964, no. 9,430, dated 12.27.1996, and Decree Law no. 1,593, dated 12.21.1977.

11,491, dated 6.20.2007 – Instituted the Employment Compensation Fund Investment Fund (FI-FGTS) and altered Law no. 8,036, dated 5.11.1990.

11,492, 6.20.2007 – Dealt with federal government financial assistance provided to the states, Federal District and municipalities during the 2007 fiscal year, with the objective of stimulating the nation's exports. Provisional Measure no. 355, dated 2.23.2007, converted into law.

11,494, dated 6.20.2007 – Regulated the Fund for Maintenance and Development of Basic Education and Enhancement of Education Professionals (Fundeb), as treated in article 60 of the Transitory Constitutional Provisions:

- altered Law no. 10,195, dated 2.14.2001; and
- revoked provisions of Laws no. 9,424, dated 12.24.1996, no. 10,880, dated 6.9.2004 and no. 10,845, dated 3.5.2004.

11,495, dated 6.22.2007 – Introduced new text into the heading of article 836 of Consolidated Labor Legislation (CLT), approved by Decree Law no. 5,452, dated May 1, 1943, for purposes of prior deposits in layoff suits.

11,496, dated 6.22.2007 – Introduced new text into article 894 of Consolidated Labor Legislation (CLT), approved by Decree Law no. 5,452, dated May 1, 1943, and into line "b" of indent III of article 3 of Law no. 7,701, dated 12.21.1988, in order to alter processing of appeals at the Higher Labor Court.

11,498, dated 6.28.2007 – Dealt with the minimum wage in effect as of April 1, 2007.

11,499, dated 6.28.2007 – Added article 2-A and altered article 3 of Law no. 10,184, dated 1.12.2001, which deals with granting of financing earmarked to exports of

national goods and services. In financing or equalization operations earmarked to exports of national goods or services, the National Treasury may agree to conditions accepted according to the international practices applied to countries, projects or sectors with limited access to market financing. Conversion of Provisional Measure no. 363, dated 4.18.2007.

11,508, dated 7.23.2007 – Dealt with the tax, exchange and administrative systems of Export Processing Zones and revoked Decree Law no. 2,452/1988, laws no. 8,396/1992 and no. 8,924/1994, indent II of §2 of article 14 of Provisional Measure no. 2,158-35/2001 and indent XVI of the heading of article 88 of Law no. 9,430/1996.

11,512, 8.9.2007 – Dealt with federal government financial assistance provided to the states, Federal District and municipalities during the 2007 fiscal year, with the objective of stimulating the nation's exports. Provisional Measure no. 368, dated 5.4.2007, converted into law.

11,514, dated 8.13.2007 – Dealt with guidelines for elaboration and execution of 2008 Budget Law and took other measures.

11,529, dated 10.22.2007 – Dealt with deduction of credits of the Contribution to the Social Integration Program/Civil-Service Asset Formation Program (PIS/Pasep) and of the Contribution to Social Security Financing (Cofins) in domestic market acquisitions or imports of capital goods to be used in production of the goods listed in Appendices I and II of Law no. 10,485/2002 and of goods classified in the Industrialized Products Tax Table (Tipi), approved by Decree no. 6,006/2006; authorized economic grants in loan and financing operations targeted to companies in the sectors of gems, wood processing, leather processing, footwear and leather goods, textiles, apparel and wood furniture; and altered laws no. 10,637/2002 and no. 10,865/2004.

11,531, dated 10.24.2007 – Altered article 12 of Law no. 10,666, dated May 8, 2003, which deals with granting of special retirement to members of labor or production cooperatives, subject to labor conditions that threaten their health or physical integrity, extending the period for submitting data until the month of May 2010, for purposes of financial compensation from the General Social Security System (RGPS) and specific social security systems of the federal government, states, Federal District and municipalities, as related to support benefits on 5.5.1999, granted as of 10.5.1988, the date on which the Federal Constitution was promulgated. Aside from this, the following measures were adopted:

- altered article 4 Law no. 11,354, dated 10.19.2006, which dealt with payments to persons awarded political amnesty, in the form of economic reparations;
- extended the period for installment payment of social security debts of the states and Federal District until 12.31.2007, as treated in article 33 of Law no. 11,457, dated 3.16.2007.

11,540, dated 11.12.2007 – Dealt with the National Scientific and Technological Development Fund (FNDCT).

11,578, 11.26.2007 – Dealt with obligatory transfers of financial resources to allow for execution of Growth Incentive Program (PAC) projects by the states, Federal District and municipalities, and with the system of operational implementation of the Program of Subsidies to Housing of Social Interest (PSH) in the 2007 and 2008 fiscal years.

11,580, dated 11.27.2007 – Revoked Provisional Measure no. 380/2007, which instituted the Unified Taxation System (RTU) in overland imports of merchandise from Paraguay.

11,604, dated 12.5.2007 – Revoked Provisional Measure no. 382/2007, which dealt with deduction of credits of the Contribution to the Social Integration Program/Civil Service Asset Formation Program (PIS/Pasep) and of the Contribution to Social Security Financing (Cofins) in domestic market acquisitions or imports of capital goods to be used in production of the goods listed in Appendices I and II of Law no. 10,485/2002 and of goods classified in the Industrialized Products Tax Table (Tipi), approved by Decree no. 6,006/2006; authorized economic grants in loan and financing operations targeted to companies in the sectors of footwear and leather goods, textiles, apparel and wood furniture. Conversion of Provisional Measure no. 392, dated 9.18.2007, into law.

Provisional Measures

347, dated 1.22.2007 – Authorized the federal government to grant credits to the Federal Savings Bank (CEF) in the amount of R\$5.2 billion, for investment in basic sanitation and housing under financial and contractual conditions that make it possible to classify the operation as a hybrid capital and debt instrument, as defined by the National Monetary Council (CMN).

348, dated 1.22.2007 – Instituted the Infrastructure Participation Investment Fund (FIP-IE), which will have the objective of investing in new infrastructure projects in the national territory.

349, dated 1.22.2007 – Instituted the Employment Compensation Fund Investment Fund (FI-FGTS), characterized by investment of FGTS resources in investments in undertakings in the sectors of energy, highways, railways, ports and basic sanitation, following guidelines, criteria and conditions determined by the FGTS Curator Council.

350, dated 1.22.2007 – Altered Law no. 10,188, dated 2.12.2001, which created the Residential Lease Program with purchase options to meet the housing needs of the low income population, and took other measures.

351, dated 1.22.2007 – Created the Special System of Incentives for Infrastructure Development (Reidi), reduced to twenty four months the minimum term for utilization of credits of the Contribution to the Social Integration Program/Civil-Service Asset Formation Program (PIS/Pasep) and of the Contribution to Social Security Financing (Cofins) resulting from acquisitions of edifications, increased the deadlines for payment of taxes and contributions and took other measures.

352, dated 1.22.2007 – Dealt with incentives to the digital TV equipment industry and that of semiconductor electronic components and intellectual property protection of integrated circuit topographies, through creation of the Program of Support to Technological Development in the Semiconductor Industry (Padis) and the Program of Support to Technological Development of the Digital TV Equipment Industry (PATVD).

353, dated 1.22.2007 – Dealt with termination of the process of liquidation and extinction of the *Rede Ferroviária Federal S.A.* (Federal Railway Network) (RFFSA), a joint capital corporation instituted on the basis of authorization contained in Law no. 3,115, dated 3.16.1957, and altered provisions of Law no. 10,233, dated 6.5.2001.

355, dated 2.26.2007 – Dealt with federal government financial assistance provided to the states, Federal District and municipalities in the 2007 fiscal year, with the objective of stimulating the nation's exports.

362, dated 3.29.2007 – Raised the value of the minimum wage in effect as of April 1, 2007 from R\$350,00 to R\$380,00.

363, dated 4.19.2007 – Added article 2-A and altered article 3 of Law no. 10,184/2001, which deals with granting of financing earmarked to exports of national goods and services. The National Treasury may agree to conditions accepted according to international practices applied to countries, projects or sectors with limited access to market financing.

368, dated 5.4.2007 – Dealt with federal government financial assistance provided to the states and municipalities in the 2007 fiscal year, with the objective of stimulating the nation's exports.

372, dated 5.22.2007 – Dealt with utilization of obligatory rural credit investments originating in rural savings accounts and demand deposits for purposes of financing to be used in settlement of the debts of rural producers and their cooperatives with input suppliers, as related to the 2004/2005 and 2005/2006 harvests.

374, dated 5.31.2007 – Altered article 12 of Law no. 10,666, dated 5.8.2003, which deals with the period permitted for presentation of information for purposes of financial compensation from the General Social Security System and specific social security systems.

378, dated 6.20.2007 – Introduced a new text into the heading of article 5 of Law no. 10,195, dated 2.14.2001, which institutes additional measures of incentive and support to the restructuring and fiscal adjustment of the States.

380, dated 6.28.2007 – Instituted the Unified Taxation System (RTU) in overland imports of merchandise from Paraguay. The objective is to regulate border trade between Paraguay and Brazil, in such a way as to implement measures targeted to structuring and facilitating bilateral trade, particularly as regards simplification of customs and tax control procedures.

382, dated 7.24.2007 – Dealt with deduction of credits of the Contribution to the Social Integration Program/Civil-Service Asset Formation Program (PIS/Pasep) and of the Contribution to Social Security Financing (Cofins) in domestic market acquisitions or imports of capital goods to be used in production of the goods listed in Appendices I and II of Law no. 10,485/2002 and of goods classified in the Industrialized Products Tax Table (Tipi), approved by Decree no. 6,006/2006; authorized economic grants in loan and financing operations targeted to companies in the sectors of footwear and leather goods, textiles, apparel and wood furniture; and takes other measures. Resources were redirected from the special credit line “FAT – Sectoral Turnover” and, in the framework of the National Bank of Economic and Social Development (BNDES), the Program for Supporting the Revitalization of the Footwear, Furniture and Apparel Sectors (Revitaliza) for credit lines targeted to “Working Capital”, “Investments” and “Exports” (pre-shipment modality), which will benefit companies with gross operational incomes of up to US\$300 million, active in the footwear and leather goods, textiles, apparel, and furniture manufacturing sectors.

384, dated 8.20.2007 – Instituted the National Program of Public Security with Citizenship (Pronasci) and took other measures.

385, dated 8.22.2007 – Added a paragraph to article 1 of Law no. 11,368, dated November 9, 2006, for the purpose of extending the time period determined in article 143 of Law 8,213, dated July 24, 1991, to rural workers classified as individual contributors.

387, dated 8.31.2007 – Dealt with obligatory transfers of financial resources to allow for execution of Growth Incentive Program (PAC) projects by the states, Federal District and municipalities, and with the system of operational implementation of the Program of Subsidies to Housing of Social Interest (PSH) in the 2007 and 2008 fiscal years. This measure provides for an adequate degree of prioritization and rapidity in the execution of PAC projects involving federal resources when they are carried out by other government bodies, together with more rational utilization of resources targeted to infrastructural projects. As regards the PSH, the measure has the objective of making program execution feasible, following the system determined in Law no. 10,198, dated December 15, 2004.

404, dated 12.11.2007 – Altered article 41-A of Law 8,213, dated July 24, 1991, for the purpose of anticipating part of the payment of National Social Security Institute (INSS) social security and assistance payments to the final five days of the same month to which they refer, effective as of December 2007.

410, dated 12.28.2007 – Added an article to Law no. 5,889, dated 6.8.1973, creating the short-term rural labor contract, defined transitory rules for retirement of rural workers and extended the time period permitted for contracting of rural financing, as dealt with in §6 of article 1 of Law no. 11,524, dated 9.24.2007.

412, dated 12.31.2007 – Dealt with extension of the Tax System for Incentives to Port Structure Modernization and Expansion (Reporto), instituted by Law no. 11,033/2004.

Decrees

6,018, dated 1.22.2007 – Regulated Provisional Measure no. 353, dated 1.22.2007, which deals with termination of the process of liquidation and the extinction of the Rede Ferroviária Federal S.A. (Federal Railway Network) (RFFSA) and determined that the Ministry of Transportation will be charged with coordination and supervision of the administrative procedures related to its stocktaking.

6,019, dated 1.22.2007 – In the framework of the Ministry of Social Security, instituted the National Social Security Forum (FNPS), with the following objectives: foster debate among representatives of workers, retirees and pensioners, employers and the federal government for purposes of improvement and sustainability of social security systems and their coordination with social assistance policies; support elaboration of legislative proposals and pertinent infra-legislation rules; and submit the results and conclusions regarding themes discussed within the FNPS to the State Minister of Social Security.

6,020, dated 1.22.2007 – Dealt with dissolution and liquidation of the *Companhia de Navegação do São Francisco* (São Francisco Navigation Company) (Franave), included in the National Development Program (PND) by Decree no. 99,666, dated 11.1.1990. Liquidation of Franave will be carried out under the supervision of the Ministry of Planning, Budget and Management and, insofar as fitting, will comply with the provisions of Law no. 8,029, dated 4.12.1990.

6,021, dated 1.22.2007 – Created the Interministerial Commission on Corporate Governance and Administration of Federal Stockholdings (CGPAR), with the objective of dealing with subjects related to corporate governance in federal state-owned enterprises and management of federal government stockholdings.

6,022, dated 1.22.2007 – Instituted the Public Digital Accounting System (Sped), which unifies the activities of reception, validation, storage and authentication of books and documents included in commercial and fiscal accounting of businesspersons and business companies, based on a single computerized information flow.

6,023, dated 1.22.2007 – Extended the exemption from the Contribution to Social Security Financing (Cofins) and the Social Integration Program (PIS) to computers worth up to R\$4 thousand.

6,024, dated 1.22.2007 – Reduced the Industrialized Products Tax rate from 5% to zero on steel shapes.

6,025, dated 1.22.2007 – Instituted the Growth Incentive Program (PAC), composed of measures designed to stimulate private investment, expand public infrastructure investments, improving the quality of public sector investments and controlling expansion of current expenditures in the framework of the Federal Public Administration. Defined its Management Committee and took other measures.

6,038, dated 2.7.2007 – Instituted the Management Committee of Micro and Small-Scale Business Taxation, designated the National *Simplex* Management Committee (CGSN).

6,042, dated 2.12.2007 – Defined rules for the Simplified Plan of Social Security Inclusion foreseen in Complementary Law no. 123, dated 12.14.2006, which instituted the National Micro and Small-Scale Business Statutes. With this plan, the contribution rate for which individual contributors are responsible was reduced from 20% to 11% and charged on the value of one minimum monthly wage, and no longer the total earnings of the insured party.

6,046, dated 2.22.2007 – Dealt with budget and financing programming and established the monthly executive branch disbursement schedule for the 2007 fiscal year. It should be stressed that the schedule was elaborated on the basis of new revenue and expenditure estimates, due to revising of some of the macroeconomic variables utilized in projecting these aggregates in the Budget Law. With regard to revenues administered by the Federal Revenue Secretariat, the new estimate points to a reduction of R\$17.8 billion (dropping from R\$411.7 billion to R\$393.9 billion), while the projection for inflows of “other revenues” indicates a reduction of R\$2.8 billion (falling from R\$70.7 billion to R\$67.9 billion). This new scenario required an adjustment in nonobligatory outlays for purposes of compliance with the primary result target, and generated the need for a limitation on set asides and payments in the amount of R\$16.4 billion.

6,047, dated 2.22.2007 – Instituted the National Regional Development Policy (PNDR) with the objective of reducing inequalities in living standards among the different

Brazilian regions and fostering equity in access to development opportunities, while also orienting federal programs and actions in the national territory, in response to the provision in indent III of article 3 of the Federal Constitution.

6,088, dated 4.23.2007 – Dealt with implementation of the 65th Additional Protocol to Economic Complementation Agreement no. 2 between Brazil and Uruguay, dated 12.29.2006, extending the rules on bilateral trade in effect in 2006 in the automotive sector through 6.30.2007.

6,112, dated 5.10.2007 – Promulgated the Scientific and Technological Cooperation Agreement between Brazil and the European Community formalized in Brasília on 1.19.2004.

6,118, dated 5.22.2007 – Dealt with implementation of United Nations Security Council Resolution no. 1,747, dated 3.24.2007 in the nation's territory. This instrument further aggravated the sanctions determined in Security Council Resolution no. 1,737/2006, which was incorporated into Brazilian legislation by Decree no. 6,045, dated 2.21.2007, and, among other provisions, calls upon the Member States to refrain from making new commitments involving donations, financial assistance and loans to Iran; prohibits the supply, sale or transfer of weapons by Iran or its citizens; and exhorts the Member States to restrict supplying, selling or transferring to that country combat vehicles, armored vehicles, high caliber artillery systems, combat aircraft, attack helicopters, warships and missiles.

6,121, dated 6.13.2007 – Dealt with implementation of the Third Additional Protocol to Economic Complementation Agreement no. 53, between Brazil and Mexico, dated 5.4.2007. Increased the tariff preference granted by Brazil to 100% as regards the product “terephthalic acid and its salts”, Nomenclature of the Latin American Association of Integration/Harmonized System of Merchandise Designation and Codification (Naladi/SH) (96) 2917.36.00.

6,127, dated 6.18.2007 – Dealt with suspension of the requirement for the Contribution to the Social Integration Program/Civil Service Asset Formation Program (PIS/Pasep) and the Contribution to Social Security Financing (Cofins), levied on revenues in the marketing of packaging materials to companies headquartered abroad for delivery in national territory.

6,135, dated 6.26.2007 – Dealt with the Single Federal Government Reference File for Social Programs.

6,140, dated 7.3.2007 – Regulated the Provisional Contribution on Operations or Transmission of Values and Credits and Rights of a Financial Nature (CPMF).

6,144, dated 7.3.2007 – Regulated the system of qualification and coqualification for the Special System of Incentives for Infrastructure Development (Reidi), instituted by articles 1 to 5 of Law no. 11,488, dated 6.15.2007.

6,157, dated 7.16.2007 – Introduced a new text into article 19 of Decree no. 5,209, dated 9.17.2004, which created the “*Bolsa Família*” Program.

6,158, dated 7.16.2007 – Altered Decree no. 4,544, dated 12.26.2002, which regulates taxation, inspection, collection and administration of the Industrialized Products Tax (IPI).

6,166, dated 7.24.2007 – Regulated installment payment of the debts of states and the Federal District related to the social contributions cited in lines “a” and “c” of the paragraph of article 11 of Law no. 8,212, dated 7.24.1991, instituted by articles 32 to 39 of Law no. 11,457, dated 3.16.2007.

6,167, dated 7.24.2007 – Altered and added provisions to Decree no. 6,144, dated 7.3.2007, which regulated the system of qualification and co-qualification for the Special System of Incentives for Infrastructure Development (Reidi), instituted by articles 1 to 5 of Law no. 11,488, dated 6.15.2007.

6,174, dated 8.1.2007 – Instituted and regulated the Permanent Forum of Micro and Small-Scale Businesses and took other measures.

6,184, dated 8.13.2007 – Altered the Industrialized Products Tax (IPI) rates on the products cited therein.

6,187, dated 8.14.2007 – Regulated Law no. 11,345, dated September 14, 2006, and dealt with installment payment of tax and nontax debts, as well as with the Employment Compensation Fund (FGTS), and takes other measures.

6,204, dated 9.5.2007 – Regulated preferential, differentiated and simplified treatment for micro and small-scale businesses in public sector contracting operations for goods, services and works, in the framework of the federal public administration.

6,227, dated 10.8.2007 – Altered the Industrialized Products Tax Table (Tipi), approved by Decree no. 6,006/2006, reducing the Industrialized Products Tax (IPI) to zero on equipment to be used in digital television.

6,233, dated 10.11.2007 – Defined criteria for purposes of qualification for the Program of Support to Technological Development in the Semiconductor Industry (Padis), instituted by articles 1 to 11 of Law no. 11,484/2007. This measure granted exemption from the Income Tax (IR) and reduced the rates of the Contribution to the Social Integration

Program/Civil-Service Asset Formation Program (PIS/Pasep), the Contribution to Social Security Financing (Cofins) and the Industrialized Products Tax (IPI) to zero.

6,234, dated 10.11.2007 – Defined criteria for purposes of benefiting from incentives consequent upon the Program of Support to Technological Development of the Digital TV Equipment Industry (PATVD), instituted by articles 12 to 22 of Law no. 11,484/2007. This measure reduced the rates of the Contribution to the Social Integration Program/Civil Service Asset Formation Program (PIS/Pasep), the Contribution to Social Security Financing (Cofins) and the Industrialized Products Tax (IPI) to zero.

6,242, dated 10.19.2007 – Expanded the amount stated in the reserve of appendix I and line “b” of indent I of article 10 and altered appendices VIII, IX, X and XI of Decree no. 6,046, dated 2.22.2007, which deals with budget and financial programming and defined the monthly disbursement schedule of the executive branch for the 2007 fiscal year.

6,251, dated 11.6.2007 – Approved the Global Spending Program of federal state-owned enterprises for the 2008 fiscal year.

6,252, dated 11.13.2007 – Dealt with economic grants in loan and financing operations targeted to companies in the sectors of ornamental stones, processing of wood, processing of leather, footwear and leather goods, textiles, apparel, including articles for home use, and wood furniture, with gross annual operational income of up to R\$300 million, as treated in article 2 of Law no. 11,529, dated 10.22.2007.

6,253, dated 11.13.2007 – Dealt with the Fund for Maintenance and Development of Basic Education and Enhancement of Education Professionals (Fundeb), regulated Law no. 11,494, dated 6.20.2007, and adopted other measures.

6,259, dated 11.20.2007 – Instituted the Brazilian System of Technology (Sibratec) and revoked Decree no. 4,776/2003.

6,260, dated 11.20.2007 – Dealt with exclusion of net profit for purposes of calculating real profits and the calculation base of the Social Contribution on Net Corporate Profits (CSLL), outlays on scientific and technological research projects and technological innovation to be implemented by a Scientific and Technological Institution (ICT).

6,262, dated 11.20.2007 – Determined that the Ministries of Science and Technology, Finance, Health and Development, Industry and Foreign Trade, as well as their subordinate organs and entities, should, within 45 days, which may be extended for an additional equal period, discipline simplified customs clearance in imports of goods for purposes of scientific and technological research, each in its specific area of jurisdiction and duly observing the provisions in articles 2 and 3 of Law no. 9,010, dated 3.29.1990.

6,276, dated 11.28.2007 – Itemized the activities of the Growth Incentive Program (PAC) to be implemented through obligatory transfers.

6,306, dated 12.14.2007 – Regulated the Financial Operations Tax (IOF).

6,307, dated 12.14.2007 – Dealt with the occasional benefits treated in article 22 of Law no. 8,742, dated 12.7.2007. Occasional benefits are supplementary and temporary provisions, provided to citizens and to families as a consequence of births, deaths, situations of temporary vulnerability and public calamity.

6,308, dated 12.14.2007 – Dealt with social assistance entities and organizations treated in article 3 of Law no. 8,742, dated December 7, 1993, and took other measures.

6,309, dated 12.18.2007 – Increased the amount stated in the budget and financial program of the 2007 Federal Government Budget.

6,314, dated 12.20.2007 – Regulated article 5 of Law no. 9,818, dated 8.23.1999, which created the Export Guarantee Fund (FGE). This article determined that Export Guarantee Fund resources can be utilized for coverage of guarantees provided by the federal government against risks of contractual obligations in the form of performance guarantees, reimbursement of advances guarantees and guarantees of supply terms and conditions, for operations involving capital goods or services.

6,322, dated 12.21.2007 – Altered the Bylaws of the National Bank of Economic and Social Development (BNDES), approved by Decree no. 4,418/2002. The possibility of financing investments made by national capital companies abroad was expanded, provided that such investments contribute to the social and economic development of the country (previously, this possibility was restricted to export promotion). At the same time, it made it possible for BNDES to make nonreimbursable investments targeted specifically to providing support to projects and investments of a social character in the area of water resources.

6,326, dated 12.27.2007 – Itemized the activities of the Growth Incentive Program (PAC) to be implemented through obligatory transfer.

6,337, dated 12.31.2007 – Introduced a new text into article 1 of Decree no. 5,821/2006, which reduced the rates of the Contribution to the Social Integration Program/Simple Service Asset Formation Program (PIS/Pasep) and the Contribution to Social Security Financing (Cofins), the Contribution to PIS/Pasep – Imports and Cofins – imports of products for use in hospitals, clinics and medical and dental offices, health campaigns carried out by the public authority, anatomical pathology, cytological and clinical analysis laboratories classified under positions 30.02, 30.06, 39.26, 40.15 and 90.18 of the Mercosul Common Nomenclature (NCM), according to the terms of the provisions

in § 3 of article 2 of Law no. 10,637/2002, § 3 of article 2 of Law no. 10,833/2003 and § 11 of article 8 of Law no. 10,865/2004.

6,338, dated 12.31.2007 – Set the absolute value of the overall limit on deductions from Income Tax due under the heading of donations and sponsorships in direct support of sports and parasports projects.

Federal Senate Legislative Decrees

295, dated 10.29.2007 – Approved the text of the Fifth Protocol to the General Agreement on Commerce in Services of the World Trade Organization (WTO), concluded in Geneva on 2.27.1998.

296, dated 10.29.2007 – Approved the text of the Second Protocol to the General Agreement on Commerce in Services of the World Trade Organization (WTO).

National Monetary Council Resolutions

3,437, dated 1.22.2007 – Conditioning of Credits to the Public Sector – Alteration of limit – Inclusion of indent VI of article 9-B and of §§ 13 to 15 of Resolution no. 2,827, dated 3.30.2001.

3,438, dated 1.23.2007 – Conditioning of Credits to the Public Sector – Inclusion of article 9-I in Resolution no. 2,827, dated 3.30.2001, and authorized contracting of credit operations in the framework of the Federal Government Housing Program (Pró-Moradia).

3,439, dated 1.30.2007 – Altered the text of indent VIII and included indent IX in § 1 of article 9 of Resolution no. 2,827, dated 3.30.2001.

3,440, dated 2.2.2007 – Defined a new period for formalization of the credit operations cited in articles 15 and 15-A of Law no. 11,322/2006, referring to operations contracted under the terms of Resolutions no. 2,238/1996, no. 2,471/1998 and no. 2,681/1999, and later alterations, and deals with reimbursement to financial agents of the tax credit cited in article 2, I and II, of Law no. 10,437/2002.

3,441, dated 2.28.2007 – Dealt with Securities and Exchange Commission (CVM) analysis of requests involving issuances of securities on the Brazilian market by multilateral financial organizations authorized to contract funding in Brazil.

3,442, dated 2.28.2007 – Revised regulations on the constitution and operation of credit unions. Basically, the objective was to improve external auditing procedures, by determining that credit unions must follow the regulations applied to other financial institutions. In this sense, it was decided that, starting with the December 2007 accounting statements, such credit unions would be obligated to carry out external audits by an independent auditor or by a cooperative entity constituted by central cooperatives or their confederations. With respect to formation of membership, business persons and microentrepreneurs were allowed to combine their membership with professional or employed segments, thus broadening their possibilities of action.

3,443, dated 2.28.2007 – Altered and consolidated provisions on investments abroad of the available resources of banks authorized to operate with exchange. Revoked Resolution no. 3,368, dated 5.25.2006.

3,444, dated 2.28.2007 – Redefined Base Capital (PR), which refers to basic worth utilized in verifying whether the operational limits to which financial institutions are subject have been met. Tax credits with expectations of realization over more than five years and deferred fixed assets were excluded from the Tier I component of PR, after reduction of premiums paid in the acquisition of investments. In its turn, the balance of unrealized gains and losses consequent upon adjustment to the market value of stocks and securities classified under the heading “securities available for sale” and of the derivative financial instruments for cash flow hedge was included in Tier II of PR. In order to avoid artificially raising the system’s capitalization tiers, some assets issued by other financial institutions, such as stocks and hybrid capital and debt instruments were also deducted from PR. With regard to authorization for a funding instrument to be included in some PR tier, the possibility that amounts of hybrid capital and debt instruments effectively paid-in could be included in Tier I was adopted, provided that various conditions were met, including that they be restricted to 15% of the cited tier.

3,445, dated 3.2.2007 – Altered Resolution no. 3,407/2006, which treats of renegotiation of debts originating in rural credit operations involving undertakings located in the area of jurisdiction of the Northeast Development Agency (Adene), in light of the modifications introduced into Law no. 11,322/2006 by means of Law no. 11,420/2006.

3,446, dated 3.6.2007 – Altered the Reference Rate (TR) calculation methodology.

3,447, dated 3.5.2007 – Dealt with the electronic declaratory registration of foreign currency at the Central Bank of Brazil, as treated in Law no. 11,371, dated 11.28.2006, and defined criteria for application of penalties for violations of the rules governing foreign capital registration in national currency. The capital in question should already be registered at the Central Bank, since such capital is subject to taxation; nonetheless, since formal conditions for such were not met – such as the absence of effective inflows of foreign currency to the country, in the manner required in article 1 of Law

no. 4,131/1964 – it was impossible to obtain this registration. It is important to stress that the only capital that may be registered is that specified in the accounting records of the Brazilian corporate entity that receives the foreign capital, according to current legislation and regulations. Besides this, the central bank was authorized to publish the data cited in such registrations.

3,448, dated 3.30.2007 – Defined the Long-Term Interest Rate (TJLP) for the second quarter of 2007.

3,449, dated 3.29.2007 – Dealt with expenditures that may be attributed to the Farm Activity Guarantee Program (Proagro) as related to the earnings of agents in the 2006/2007 harvest.

3,450, dated 4.3.2007 – Dealt with granting of Federal Government Loans (EGF) to the 2006/2007 grape harvest.

3,451, dated 4.5.2007 – Dealt with credit lines targeted to financing of current outlays, harvesting, and stocking of coffee and for Coffee Acquisition Financing (FAC), backed by Coffee Economy Defense Fund (Funcafé) resources and revoked the resolutions cited therein.

3,452, dated 4.26.2007 – Altered article 1 of Resolution no. 3,334, dated 12.22.2005, which authorizes transfers to and from abroad related to investments made by investment funds that should obey the limits and other rules set down by the Securities and Exchange Commission in the exercise of its authority, without prejudice to the jurisdiction of the Central Bank of Brazil.

3,453, dated 4.26.2007 – Included article 9-J in Resolution no. 9,827, dated March 30, 2001, establishing a National Bank of Economic and Social Development (BNDES) financing line for the contracting of credit operations in the framework of the Path to School Program.

3,454, dated 5.30.2007 – Dealt with the conditions for contracting time deposits. Among the alterations introduced into the regulations on these deposits, emphasis should be given to authorization for credit, finance and investment companies to obtain time deposits without issue of certificates. On the other hand, contracting in the modalities of prior notification deposits, automatic reinvestment deposits and stockholder deposits represented by nonnegotiable deposit receipts that cannot be operated by check was forbidden, at the same time in which contracting of time deposits from financial institutions was prohibited, except in the case of micro entrepreneur credit companies. Furthermore, the conditions for rescission of time deposit contracts prior to maturity were eliminated, thus transferring the decision involving these conditions to the contracting parties, including the aspect of earnings on such deposits which had previously been

prohibited. Finally, the acronyms CDB and RDB were institutionalized, the latter designating time deposits without issue of certificates, Bank Deposit Receipts, while the former designates Bank Deposit Certificates.

3,455, dated 5.30.2007 – Dealt with the electronic declaratory registration of foreign currency at the Central Bank of Brazil, as treated in Law no. 11,371, dated 11.28.2006, and defined criteria for application of penalties for violations of the rules governing foreign capital registration in national currency.

3,456, dated 6.1.2007 – Dealt with guidelines on investment of resources that guarantee benefit plans managed by closed complementary pension fund entities.

3,457, dated 6.4.2007 – Based on obligatory resources (MCR 6-2) and rural savings resources (MCR 6-4), instituted the special credit line designated Financing of Agribusiness Receivables (FRA), to be utilized in financing settlement of debts of rural producers and their cooperatives with suppliers of agricultural inputs.

3,458, dated 6.13.2007 – Dealt with financing for retention of sows, based on Obligatory Resources (MCR 6-2).

3,459, dated 6.13.2007 – Dealt with granting of Federal Government Loans (EGF) and the Special Trade Credit Line (LEC) for corn to be used in poultry and swine farming activities performed in the partnership system and of the LEC for pork for producers and swine farming enterprises operating in the partnership system.

3,460, dated 6.15.2007 – Dealt with granting of time for payment of investment installments maturing in 2007 and on postponement of installments maturing in 2007 involving postponed current expenditure credits referring to the 2004/2005 and 2005/2006 harvests.

3,461, dated 6.26.2007 – Dealt with requirements covering investments in rural credit operations based on obligatory resources (MCR 6-2) and rural savings (MCR 6-4).

3,462, dated 6.26.2007 – Set the Long-Term Interest Rate (TJLP) at 6.25% to remain in effect in the period extending from July 1 up to and including September 30, 2007.

3,463, dated 6.26.2007 – Set the inflation target for 2009 at 4.5%, with a tolerance interval of plus or minus 2.0 p.p.

3,464, dated 6.26.2007 – Dealt with implementation of the market risk management structure for operations with financial instruments, including derivatives, when such operations are carried out with the intention of negotiating or hedging other elements of the business portfolio, when such are not subject to limitations on their negotiability.

The market risk management structure to be implemented must be compatible with the nature of the operations, the complexity of the products and the dimensions of the market risk exposure of the institution. The institution is responsible for establishing systems capable of timely measuring, monitoring and controlling risk exposure. Furthermore, it should be stressed that policies and strategies for market risk management must be approved and revised at least annually by the Board of Directors of the institution and by the Council of Administration, when such exists. At the same time, a director charged with market risk management must be indicated. In this sense, a schedule was defined for implementing market risk management structures at financial institutions with a maximum time limit of June 30, 2008.

3,465, dated 6.29.2007 – Altered the time periods defined in the heading of articles 9-F and 9-G of Resolution no. 2,827, dated 3.30.2001, included by Resolutions no. 3,365, dated 4.26.2006, and no. 3,372, dated 6.16.2006, with subsequent alterations.

3,466, dated 6.29.2007 – Altered article 9-I of Resolution no. 2,827, dated 3.30.2001, with the text introduced by Resolution no. 3,438, dated 1.22.2007.

3,467, dated 7.2.2007 – Altered provisions of the National Program for Strengthening Family Agriculture (Pronaf) and instituted a credit line in the framework of this program.

3,468, dated 7.2.2007 – Dealt with granting of tax credit as treated in article 15 of Law no. 11,322/2006, with the text introduced by Provisional Measure no. 372/2007.

3,469, dated 7.2.2007 – Dealt with granting of additional time for operations involving renegotiation of debts originating in rural credit operations involving undertakings located in the jurisdiction of the Northeast Development Agency (Adene).

3,470, dated 7.2.2007 – Authorized the National Bank of Economic and Social Development (BNDES) to transfer resources equalized by the National Treasury to duly accredited single and central credit unions in the 2007/2008 harvest, for purposes of investment in agricultural current expenditure credit lines in Groups “D” and “E” of the National Program for Strengthening Family Agriculture (Pronaf).

3,471, 7.2.2007 – Altered Resolution no. 3,403/2006, in that which concerns granting of marketing credits targeted to financing of protection of prices and/or risk premiums and price equalization.

3,472, dated 7.2.2007 – Dealt with financial charges on rural credit operations with resources contracted through rural savings deposits (MCR 6-4).

3,473, dated 7.2.2007 – Altered the time periods defined by Resolution no. 3,434/2006 for rural credit operations based on resources of the Special Program of Credits to Agrarian Reform (Procera).

3,474, dated 7.3.2007 – Altered investment programs backed by resources equalized by the National Treasury with the National Bank of Economic and Social Development (BNDES).

3,475, dated 7.4.2007 – Dealt with reductions in financial charges applicable to financing with controlled rural credit resources and to the operations of the Rural Employment and Income Generation Program (Proger Rural), as well as with adjustments in the rules covering obligatory investments in rural credit based on obligatory resources (MCR 6-2), as of the 2007/2008 harvest.

3,476, dated 7.4.2007 – Dealt with adjustments in rural credit rules.

3,477, dated 7.26.2007 – Dealt with creation of the organizational component of the ombudsman by financial institutions and other institutions authorized to operate by the Central Bank of Brazil.

3,478, dated 7.31.2007 – Altered conditions of the Farm Activity Guarantee Program (Proagro).

3,479, dated 7.31.2007 – Extended the measure contained in article 2 of Resolution no. 3,460/2007 to current expenditure operations of the 2003/2004 harvest, and postponed the dates determined in that article by one month.

3,480, dated 7.31.2007 – Authorized granting of investment financing in the framework of the National Program for Strengthening Family Agriculture (Pronaf), based on resources of the National Bank of Economic and Social Development (BNDES) programmed for the 2007/2008 harvest, to family farmers included in group “D” whose contracts could not be formalized before June 30, 2007.

3,481, dated 7.31.2007 – Extended the time period for family farmers to request investment financing for reconversion and/or revitalization of production units and extended the benefit under the same conditions to farmers classified in beneficiary groups that are not holders of credit operations.

3,482, dated 7.31.2007 – Dealt with adjustments in the rules governing rural credit and the Program of Agricultural Modernization and Conservation of Natural Resources (Moderagro).

3,483, dated 7.31.2007 – Dealt with issue of the “Pronaf Aptitude Declaration” to farmers classified in groups “A” and “A/C” of the National Program for Strengthening Family Agriculture (Pronaf).

3,484, dated 8.1.2007 – Dealt with the new schedule and reprogramming of financing under the terms of the Bahia Cocoa Crop Recovery Program.

3,485, dated 8.2.2007 – Altered the texts of articles 3, 7 and 8 and revoked article 4 of the Regulations appended to Resolution no. 1,655, dated October 26, 1989, which disciplines constitution and operation of stock in security brokerage companies. This resolution revoked conditioning factors foreseen for the constitution and operation of brokerage companies, determining that such companies should be created in the form of corporations or limited liability companies, and remain dependent on Central Bank of Brazil authorization to operate. It was further determined that, should the brokerage company be a member of the stock exchange, the instrument determining ownership of the company will stand as a privileged guarantee based on real collateral of the debts that the company may have with the stock exchange and of settlement of the operations carried out on the exchange, such collateral being placed in the benefit of the exchange prior to the company initiating its operations. The company that in any way whatsoever transfers the instrument of ownership should immediately notify this fact to the respective stock exchange.

3,486, dated 8.3.2007 – Instituted a special credit line based on federal government economic grants for purposes of loans and financing provided to companies from the sectors of footwear and leather goods; textiles, with the exception of weaving; apparel, including that for home use, and wood furniture. Total financing and loans to be granted by the federal government were limited to R\$2 billion, with resources from the National Bank of Economic and Social Development (BNDES).

3,487, dated 8.3.2007 – Dealt with conditioning factors applied to credits granted to the public sector in the framework of the Electricity Generation and Transmission Program and included indent X in §1 of article 9 of Resolution no. 2,827, dated March 30, 2001.

3,488, dated 8.29.2007 – Determined that the Base Capital (PR) limit, defined according to the terms of Resolution no. 3,444, for exposure in gold, foreign currency and operations subject to exchange variation, is 30%. Calculation of this exposure must include offices abroad and must be obtained in consolidated terms in those cases in which institutions belong to financial conglomerates and issue consolidated economic-financial statements, according to the terms of the Accounting Plan of the National Financial System Institutions (Cosif). Processes and controls related to the limit determined in this resolution are the responsibility of a director charged with risk management at the institution. Indication of that director must be permanently updated at the Central Bank of Brazil. The director in question may perform other functions, with the exception of those related to management of third-party resources and treasury operations. The above-cited limit may be altered at the discretion of the Central Bank of Brazil, observing the minimum and maximum limits of 15% and 75%.

3,489, dated 8.29.2007 – Altered Resolution no. 3,477/2007, which deals with institution of the organizational component of ombudsman by financial institutions and other institutions authorized to operate by the Central Bank of Brazil. This resolution added the ombudsman of real estate credit companies, leasing companies, exchange brokerage companies and savings and loan associations to the listing of institutions that, if they are not elements of a financial conglomerate, may formalize agreements with the professional associations to which they are affiliated in order to utilize their customer and advisory services. Furthermore, it excluded central credit unions from the requirement of constituting the organizational component of ombudsman, at the same time in which it determined that, in the case of financial conglomerates, any and all alterations in their bylaws or contracts required by this resolution may only be introduced by the institution that created the component in question. Finally, it determined that institutions that opt for the aforementioned possibility should ratify the corporate act at the time of the first general meeting of each one of them and at the first meeting of the board of directors that results in alteration of the articles of incorporation.

3,490, dated 8.29.2007 – Dealt with calculation of Required Base Capital (PRE) substituting Required Net Worth (PLE) as the concept of minimum regulatory capital. The purpose of the alteration is to further deepen the association of PRE with the concept of Base Capital (PR), with which it is compared in order to verify whether prudential limits are being met. The volume of regulatory capital to be maintained by member institutions of the National Financial System (SFN) is therefore to be determined by PRE, the composition of which consists of the sum total of six items, each one referring to a specific factor underlying financial risk: i) that referring to exposures weighted by the risk weighting factor attributed to them; ii) that referring to the risk of exposures in gold, foreign currency and operations subject to exchange variation; iii) that referring to the risk of operations subject to interest rate variations and classified in the business portfolio; iv) that referring to the risk of operations subject to variations in commodity prices; v) that referring to the risk of operations subject to variations in stock prices and classified in the business portfolio; vi) that referring to operational risk. This resolution also determined that the Central Bank of Brazil would have authority to determine procedures for calculating each one of these factors, issuing circulars that define the specific treatment given to each one of them. Basically, considering that PRE corresponds to the minimum required capital of institutions that allows them to absorb unexpected losses generated by credit risk, market risk and, in the future, operational risk, the volume of PR capital should be greater than the value of the PRE obtained through utilization of its own specific formula. Given the schedule for implementation of Basel II in Brazil, as well as adaptation of financial institutions to the new rules, one should note that this resolution goes into effect on the date of its publication, producing effects as of July 1, 2008.

3,491, dated 8.29.2007 – Based on federal government economic grants, instituted a special line of credit for financing and loans for companies from the sectors of footwear

and leather goods; textiles, excluding weaving; apparel, including for home use; and wood furniture. Total financing and loans to be subsidized by the federal government was limited to R\$1 billion, using resources of the Workers Support Fund (FAT).

3,492, dated 8.30.2007 – Defined the weighting factors applied to the balances of investments made with rural savings deposit resources (MCR 6-4), made by the Banco do Brasil S.A. for purposes of complying with requirements.

3,493, dated 8.30.2007 – Among the items that can be financed by the Investment Credit Line for Income Aggregation to Rural Activity (Pronaf Agroindústria), included payment in full of participation quotas earmarked to the project to be financed.

3,494, dated 8.30.2007 – Altered provisions of the credit line based on resources of the Coffee Economy Defense Fund (Funcafé).

3,495, dated 8.30.2007 – Dealt with granting of time for payment of investment installments maturing in 2007 and with extension of already postponed current expenditure credits maturing in 2007 referring to the 2003/2004, 2004/2005 and 2005/2006 harvests.

3,496, dated 8.30.2007 – Dealt with granting of rebates and extension of investment installments maturing in 2007.

3,497, dated 8.30.2007 – Dealt with granting of the rebates stated in Decree no. 6,200/2007 and with permission for partial postponement of financing installments under the terms of the National Program for Strengthening Family Agriculture (Pronaf).

3,498, dated 9.27.2007 – Maintained the Long-Term Interest Rate (TJLP) at 6.25% per year (six and twenty five one hundredths percent per year), for the period from October 1 up to and including December 31, 2007.

3,499, dated 9.27.2007 – Defined criteria for reclassification of rural credit operations that have been renegotiated or extended.

3,500, dated 9.28.2007 – Altered Resolutions no. 3,495, no. 3,496 and no. 3,497, all dated 2007.

3,501, dated 9.28.2007 – Dealt with adjustments in rural credit rules.

3,502, dated 9.28.2007 – Dealt with the new schedule and reprogramming of payments of financing debts under the terms of the Bahia Cocoa Crop Recovery Program.

3,503, dated 10.26.2007 – Dealt with independent auditing services provided to financial institutions, other institutions authorized to operate by the Central Bank of Brazil and to clearinghouses and providers of clearing and settlement services.

3,504, dated 10.26.2007 – Based on federal government grants, instituted a special credit line for financing and loans to companies from the sectors of ornamental stones, wood processing, leather processing, footwear and leather goods, textiles, apparel, including for home use, and wood furniture.

3,505, dated 10.26.2007 – Dealt with derivative operations carried out in the country on the over-the-counter market by financial institutions and other institutions authorized to operate by the Central Bank of Brazil. These operations are understood as those carried out outside the trading floor, the outcry auction or electronic systems, based on bilateral contracts and parameters determined by the parties. More than six years since the most recent updating, when Resolution no. 2,873/2001 was issued, the over-the-counter domestic derivatives market has developed sufficiently to consolidate its maturity and transparency. Based on the terms of that resolution, the National Monetary Council (CMN) sought to adjust the regulatory framework to the development environment of the over-the-counter market in Brazil. In doing so, efforts were made to enhance the flexibility of operations of this nature by granting institutions greater freedom of action and better conditions to meet demand for hedge, without compromising security, transparency and an adequate price formation.

3,506, dated 10.26.2007 – Dealt with investment of the resources of specific social security systems instituted by the federal government, states, Federal District and municipalities.

3,507, dated 11.1.2007 – Dealt with the special credit line denominated Financing of Agribusiness Receivables (FRA) designed to finance settlement of the debts of rural producers or their cooperatives with suppliers of crop/livestock inputs, and revoked Resolution no. 3,457/2007.

3,508, dated 11.30.2007 – Added §3 to article 7 and §3 to article 9, both of Resolution no. 2,827, dated March 30, 2001.

3,509, dated 11.30.2007 – Dealt with application of a weighting factor to rural credit operations backed by rural savings resources not subject to control (MCR 6-4), for purposes of compliance with required investments.

3,510, dated 11.30.2007 – Dealt with price guarantees in current expenditure financing for rice, bean, corn, manioc, soybean, milk, coffee, tomato, yam and cashew production, granted in the framework of the National Program for Strengthening Family Agriculture (Pronaf).

3,511, dated 11.30.2007 – Altered Resolution no. 2,827, dated March 30, 2001, and revoked Resolution no. 3,487, dated August 3, 2007.

3,512, dated 11.30.2007 – Defined criteria applicable to Brazilian export financing as specified in article 2-A of Law no. 10,184, dated February 12, 2001.

3,513, dated 11.30.2007 – Altered the time period referred to in article 4 of Resolution no. 3,427, dated December 21, 2006, which treats of the Risk-Based Supervision System (SBR) in the securities market.

3,514, dated 11.30.2007 – Altered rural credit rules regarding the National Program for Strengthening Family Agriculture (Pronaf).

3,515, dated 11.30.2007 – Authorized that expenditures related to options sale contracts in national commodities and futures exchanges may be debited against the current expenditure or marketing financing escrow account, under the terms of obligatory rural credit resources (MCR 6-2).

3,516, dated 12.6.2007 – Prohibited charging of fees as a result of anticipated settlement of credit contracts and leasing contracts and defined criteria for calculating current value for amortization or settlement of these contracts. Previously, the absence of homogeneous criteria applied to anticipated settlement of credit operations made it difficult for borrowers to move from one institution to another in pursuit of better cost conditions. This measure is one component of the effort to make it possible for borrowers to change from one institution to another, in this way fostering enhanced competition and ensuring equity in relations and reductions in information asymmetries among agents.

3,517, 12.6.2007 – Dealt with information and notification of total effective cost (CET) involving all charges and expenditures on credit and leasing operations contracted or offered to individual persons. The methodology for calculating total effective cost was also defined and must be included in publicity materials, together with the effective annual rate of interest charged in the operation.

3,518, dated 12.7.2007 – Disciplined charging of fees for services rendered by financial institutions and other institutions authorized to operate by the Central Bank of Brazil. Definition of fee modalities is an effort to standardize the names utilized by institutions in their fee tables, thus avoiding many complaints regarding difficulties in comparing the prices charged by different institutions.

3,519, dated 12.6.2007 – Extended the period for contracting operations in the framework of special credit line based on federal government grants for financing and loans provided to companies from the sectors of ornamental stones, wood processing; footwear and leather goods; textiles; apparel, including for home use; and wood furniture.

3,520, dated 12.20.2007 – Defined the Long-Term Interest Rate (TJLP) at 6.25% per year (six and twenty five one hundredths percent per year), for the period from January 1 up to and including March 31, 2008.

3,521, dated 12.20.2007 – Set the weighting factor applied to the balance of operations contracted in the framework of the special credit line designated Financing of Agribusiness Receivables (FRA), with resources originating in rural savings deposits (MCR 6-4), for purposes of compliance with investment requirements.

3,522, dated 12.20.2007 – Dealt with expenditures that can be attributed to the Farm Activity Guarantee (Proagro).

3,523, dated 12.20.2007 – Completed provisions included in Resolutions no. 3,496 and no. 3,497, both dated August 30, 2007, for purposes of granting performance bonuses to installments of rural financing maturing in 2007, and granted new deadlines for payment of rural investment installments maturing in 2007.

3,524, dated 12.20.2007 – Completed the provisions of Resolution no. 3,502, dated September 28, 2007, which deals with the new schedule and reprogramming of payments of financing debts under the terms of the Bahia Cocoa Crop Recovery Program.

3,525, dated 12.20.2007 – Dealt with opening and maintaining foreign currency accounts in the names of insurance companies, including those operating with export credits, local reinsurers, admitted reinsurers or reinsurance brokers at a bank authorized to operate on the exchange market, duly complying with regulations issued by the National Private Insurance Council (CNSP), while financing or holding of negative balances in such accounts is prohibited. The amounts registered in foreign currency cited in this Resolution may be freely converted into real, by means of the contracting and settlement of an exchange operation, based on the terms of current legislation, with the exception of amounts related to investments of resources utilized to guarantee technical provisions. In this case, conversion of these resources into reais is prohibited.

3,526, dated 12.20.2007 – Dealt with definition of the rates of the additional charge of the Farm Activity Guarantee Program (Proagro) for classification in the program of current expenditure operations involving the peanut, prune, nectarine, pear and peach harvests, duly observing Climate Risk Agricultural Zoning.

3,527, dated 12.26.2007 – Dealt with granting of federal government loans for the 2007/2008 grape harvest.

Foreign Trade Chamber Resolutions

1, dated 1.22.2007 – Altered the *ad valorem* rates of the Import Tax on the capital goods and integrated systems cited therein to 2% in the ex-tariff condition, through 12.31.2008, and altered Resolutions no. 28/2006 and no. 40/2006.

2, dated 1.22.2007 – Altered the *ad valorem* rates of the Import Tax on the informatics and telecommunications goods cited therein to 2% in the ex-tariff condition, through 12.31.2008.

11, dated 4.25.2007 – Maintained the temporary reduction of the Import Tax at the level of 2% for the sardine product, dealt with in Resolutions no. 7, dated 4.17.2006 and no. 41, dated 12.19.2006, for imports carried out on the basis of licenses registered in the Integrated Foreign Trade System (Siscomex) up to 4.18.2007.

12, dated 4.25.2007 – Dealt with the possibility of formalizing Brazilian exports with reception in real.

13, dated 4.25.2007 – Restored application of definitive anti-dumping rights on imports of high carbon ferrochrome classified under item 7202.41.00 of the Common Mercosul Nomenclature (NCM), originating in South Africa and Russia, according to the terms originally defined in Resolution no. 31, dated 10.5.2004.

14, dated 5.3.2007 – Altered the *ad valorem* rates of the Import Tax on the informatics and telecommunications goods cited therein to 2% in the ex-tariff condition, through 12.31.2008.

15, dated 5.3.2007 – Altered the *ad valorem* rates of the Import Tax on the capital goods specified therein to 2% (two percent) in the ex-tariff condition, through 12.31.2008.

16, dated 5.3.2007 – Dealt with application of provisional anti-dumping rights on imports of cranksets, NCM 8714.99.90, originating In the People’s Republic of China.

17, dated 5.8.2007 – Altered article 1 of Resolution no. 5, dated 2.23.2007, published in the *Diário Oficial da União* (DOU) dated 12.26.2007, applying the specific anti-dumping right of US\$2,092.47 per ton, on imports of methyl-methacrylate from Germany, Spain, France and the United Kingdom.

18, dated 5.18.2007 – Granted a temporary tariff reduction based on Common Market Group (GMC) Resolution no. 69/2000 for the product sardines (NCM 0303.71.00).

20, dated 6.27.2007 – Altered the Common Mercosul Nomenclature (NCM) and Common External Tariff (TEC), as treated in Appendix I of Resolution no. 43, dated 12.22.2006, according to the terms of Appendices I and II of this Resolution, and extended the period of validity of the List of Exceptions of Informatics and Telecommunications Goods (BIT).

21, dated 6.27.2007 – Altered the *ad valorem* rates of the Import Tax on the informatics and telecommunications goods (BIT) listed therein to 2% in the ex-tariff condition,

through 12.31.2008, and extended the validity of the ex-tariff specified therein, as found in Resolution no. 14/2005, through 12.31.2008.

22, dated 6.27.2007 – Altered the *ad valorem* rates of the Import Tax on capital goods to 2% in the ex-tariff condition, as well as on the components of the integrated systems listed therein, through 12.31.2008; extended the validity of the ex-tariff rates specified therein consequent upon Resolutions no. 32/2001, no. 40/2001, no. 24/2003, no. 29/2003, no. 14/2005, no. 21/2005, no. 27/2005 and no. 31/2005 and altered Resolutions no. 27/2002, no. 31/2005, no. 41/2005, no. 11/2006, no. 17/2006, no. 32/2006, no. 40/2006, no. 10/2007 and no. 15/2007.

23, dated 6.19.2007 – Terminated the process of reviewing anti-dumping rights applied to Brazilian imports of table fans of more than 15 cm with incorporated electric motors and power outputs of not more than 125 W, classified under Common Mercosul Nomenclature (NCM) 8414.51.10 originating in China, with maintenance of the anti-dumping rights in effect at the rate of 45.24% *ad valorem*.

24, dated 6.19.2007 – Terminated the investigation with setting of definitive anti-dumping rights on imports of dry and/or steam electric irons classified under Mercosul Common Nomenclature (NCM) 8516.40-00 originating in China, and excluded from application of anti-dumping rights electric irons for travel, electric irons for the hobby of model-making, wireless electric irons and industrial electric irons.

27, dated 7.25.2007 – Altered the *ad valorem* rates of the Import Tax on the informatics and telecommunications goods cited therein to 2% in the ex-tariff condition, through 12.31.2008.

28, dated 7.25.2007 – Altered the *ad valorem* rates of the Import Tax on capital goods to 2% in the ex-tariff condition, as well as on the components of the integrated systems listed therein, through 12.31.2008 and altered resolutions no. 6/2006, no. 11/2006, no. 32/2006, no. 10/2007, no. 15/2007 and no. 22/2007.

29, dated 7.31.2007 – Dealt with Brazilian government support to exports of civilian aircraft. Official Brazilian support to exports of civilian aircraft should observe the terms, conditions and procedures stipulated by the new Sectoral Understanding on Export Credits for Civilian Aircraft of the Organisation for Economic Co-operation and Development (OECD).

30, dated 8.7.2007 – Altered the *ad valorem* rates of the Import Tax on the informatics and telecommunications goods classified under NCM code 8525.50.29 (digital television transmitters in VHF/UHF) to 0% (zero percent) in the special ex-tariff condition, through 12.31.2008.

35, dated 8.22.2007 – Determined guidelines for utilization of the Export Financing Program (Proex).

36, dated 9.6.2007 – Altered the *ad valorem* rates of the Import Tax on capital goods to 2% in the ex-tariff condition, as well as on components of the integrated systems listed therein, through 12.31.2008, and modified Resolutions no. 2/2006, no. 17/2006, no. 32/2006, no. 15/2007, no. 22/2007 and no. 28/2007.

37, dated 9.6.2007 – Altered the *ad valorem* rates of the Import Tax on informatics and telecommunications goods (BIT) to 2% in the ex-tariff condition, as well as on components of the integrated systems listed therein, through 12.31.2008.

38, dated 9.6.2007 – Set annual import quotas for remolded tires classified under Mercosul Common Nomenclature (NCM) codes 4012.11.00, 4012.12.00 and 4012.19.00, originating in and coming from the Mercosul Member States under the terms of the Economic Complementation Agreement no. 18, authorized by article 41 of Foreign Trade Secretariat (Secex) Directive no. 35/2006.

40, dated 9.28.2007 – Altered the Import Tax rates included in the Common External Tariff (TEC) and the respective List of Exceptions, treated in the Appendices of Resolution no. 43/2006.

41, dated 10.3.2007 – Altered the *ad valorem* rates of the Import Tax on capital goods to 2% in the ex-tariff condition, as well as on components of the integrated systems listed therein, through 12.31.2008, and altered Resolutions no. 8/2005, no. 2/2006, no. 10/2007, no. 15/2007, no. 22/2007 and no. 28/2007.

42, dated 10.3.2007 – Altered the *ad valorem* rates of the Import Tax on informatics and telecommunications goods (BIT) to 2% in the ex-tariff condition, as well as on components of the integrated systems listed therein, through 12.31.2008.

56, dated 11.20.2007 – Altered the *ad valorem* rates of the Import Tax to 0% on components of the integrated systems listed therein and extended the validity of the ex-tariff rates specified in Resolution no. 1/2006.

57, dated 11.20.2007 – Altered the *ad valorem* rates of the Import Tax on capital goods to 2% in the ex-tariff condition, as well as on components of the integrated systems listed therein, through 12.31.2008 and modified Resolutions no. 2/2006, no. 20/2006, no. 10/2007, no. 22/2007, no. 28/2007, no. 36/2007 and no. 41/2007.

58, dated 11.20.2007 – Altered the *ad valorem* rates of the Import Tax on informatics and telecommunications goods listed therein to 2% in the ex-tariff condition, through 12.31.2008.

67, dated 12.11.2007 – Altered the *ad valorem* rates of the Import Tax on capital goods and informatics and telecommunications goods cited therein to 0% in the special ex-tariff condition, through 12.31.2008.

71, dated 12.20.2007 – Altered the Mercosul Common Nomenclature (NCM) and the Income Tax rates included in the Common External Tariff (TEC), as treated in Appendix I of Resolution no. 43/2006.

72, dated 12.20.2007 – Altered the *ad valorem* rates of the Import Tax on informatics and telecommunications goods to 2% in the ex-tariff condition, through 12.31.2008, and extended the validity of the ex-tariff rates cited in Resolution no. 41/2005 and the ex-tariff rates mentioned in Resolution no. 5/2006.

73, dated 12.20.2007 – Altered the *ad valorem* rates of the Import Tax on capital goods to 2% in the ex-tariff condition, and on components of integrated systems through 12.31.2008, and extended the validity of the ex-tariff rates cited in Resolutions no. 36/2001, no. 40/2001, no. 1/2002, no. 29/2003, no. 46/2003, no. 35/2003, no. 46/2003, no. 3/2004, no. 41/2005, no. 2/2006 and no. 6/2006.

Central Bank of Brazil Circulars

3,340, dated 1.17.2007 – Released a sampling of the content of article 1 of Resolution no. 3,354, dated 3.31.2006, for purposes of calculating the Basic Financing Rate (TBF) and Reference Rate (TR).

3,341, dated 2.7.2007 – Extended the time period determined in article 8 of Circular no. 3,290/2005, for adaptation of the systems of financial institutions in order to comply with the provision in articles 2, 3 and 5.

3,342, dated 2.23.2007 – Dealt with granting of authorization to manage buyer groups, transfer stock control, effect split-ups, mergers, incorporations, other corporate acts and occupy positions in official or contractual organs of group buyer administration companies, as well as with cancellation of authorization to administer such groups.

3,343, dated 3.1.2007 – Dealt with the procedures to be adopted in requesting that funding instruments be included in Tier I and Tier II of Base Capital (PR), as treated in Resolution no. 3,444/2007, and other authorizations determined in that instrument.

3,344, dated 3.7.2007 – Regulated National Monetary Council (CMN) Resolution no. 3,447, dated 3.5.2007, which required registration in national currency of foreign capital included in the accounting of companies in the country (at the Central Bank), when such is not yet registered and is not subject to any other form of registration at

the bank. The registration must be effected in compliance with the following time periods: up to 6.30.2007, capital existent on 12.31.2005; up to the final business day of the calendar year subsequent to the annual balance sheet in which the corporate entity is obligated to register capital, capital included in accounting as of and including 2006.

3,345, dated 3.16.2007 – Determined the form, limits and conditions on declaring goods of value held abroad by individuals or corporate entities resident, domiciled or headquartered in the country. Holders of total assets on 12.3.2006 with overall values of less than US\$100,000, or an equivalent amount in other currencies, are exempted from providing this declaration.

3,346, dated 3.28.2007 – Dealt with transfers of resources as treated in articles 3 and 8 of Law no. 9,311/1996, and 85 of the Transitory Constitutional Provisions (ADCT), the opening, maintenance and operation of current deposit accounts for purposes of investment and the modality of savings deposits with additional yield.

3,347, dated 4.11.2007 – Dealt with creation of the National Financial System Client Reference File (CCS) at the Central Bank of Brazil.

3,348, dated 5.3.2007 – Altered the Index and Section 2 of Chapter 3 of Title 2 of the International Exchange and Capital Market Regulations (RMCCI), released by Circular no. 3,280/2005. Determined that transfers to and from abroad in national or foreign currency related to investments abroad by investment funds, must obey the limits and other rules set down by the Securities and Exchange Commission, in the exercise of its responsibilities.

3,349, dated 5.31.2007 – Extended the time period determined in Circular no. 3,345/2007, for providing information to the External Brazilian Census until 8 p.m. on 6.29.2007.

3,350, dated 6.8.2007 – Altered Chapter 4 of Title 3 of the International Exchange and Capital Market Regulations (RMCCI), released by Circular no. 3,280/2005. Regulated the declaratory electronic registration of foreign capital at the Central Bank of Brazil, as treated in Law no. 11,371, dated 11.28.2006. Circular reissued on 8.21.2007.

3,351, dated 6.8.2007 – Revised the methodology used in calculating and elaborating information related to monitoring and control of exposure in gold, foreign currencies and assets and liabilities subject to exchange variation. For purposes of calculating net exposure, this circular made it obligatory to utilize the methodology of jointly considering exposures in United States dollars, euros, pounds sterling, yen, Swiss francs and gold as a single currency. Given the perception that contrary positions in these currencies do not constitute a perfect hedge, an additional amount calculated through multiplication of the amount representative of the contrary position by a factor of 0.70 (seventy one hundredths) is required. This coefficient is obtained on the basis of the

historic correlations among the currencies included in the group under consideration. Furthermore, the circular attributed specific treatment to exposures offset among institutions belonging to a single conglomerate, in the case of positions in Brazil and abroad. In this case, after calculating exchange exposure, the amount referring to the balance offset internationally by the conglomerate will be added to that value.

3,352, dated 6.8.2007 – Altered the limit on exposure in gold and in assets and liabilities referenced to the rate of exchange from 60% to 30%, as treated in Resolution no. 2,606/1999, which went into effect on the date of its publication. Circular no. 3,333, dated 12.5.2006, was repealed.

3,353, dated 6.8.2007 – Altered the F factor applicable to operations with gold and with assets and liabilities referenced to exchange, included in the formula for Required Net Worth (PLE), treated in the Regulations in Appendix IV to Resolution no. 2,099/1994, with later modifications, from 0.50 to 1.0. Consequently, capital requirements for coverage of exchange exposure were increased from 50% to 100%, effective as of 7.2.2007.

3,354, dated 6.27.2007 – Determined minimum criteria for classification of business portfolio operations, according to the terms of Resolution no. 3,464, dated 6.26.2007.

3,355, dated 7.11.2007 – Released the sampling cited in article 1 of Resolution no. 3,354/2006, for purposes of calculating the Basic Financing Rate (TBF) and the Reference Rate (TR).

3,356, dated 7.19.2007 – Dealt with the value of parameter “b” treated in Resolution no. 3,354/2006, altered by Resolution no. 3,446/2007.

3,357, dated 7.23.2007 – Determined earnings for execution of the Educational Credit Program, treated in Law no. 8,436/1992.

3,358, dated 8.16.2007 – Altered Circular no. 3,298, dated November 1, 2005, and the Regulations on the Custody of Cash Reserves at the Central Bank of Brazil, appended to that Circular.

3,359, dated 8.23.2007 – Dealt with institution of the organizational component of the ombudsman by group buyer administration companies.

3,360, dated 9.12.2007 – Defined procedures for calculating the share of Required Base Capital (PRE) referring to exposures weighted by risk factor, treated in Resolution no. 3,490/2007.

3,361, dated 9.12.2007 – Defined procedures for calculating the share of Required Base Capital (PRE) referring to exposures subject to variations in preset interest rates denominated in real, treated in Resolution no. 3,490/2007.

3,362, dated 9.12.2007 – Defined procedures for calculating the share of Required Base Capital (PRE) referring to exposures subject to variations in the coupon rate of foreign currencies, treated in Resolution no. 3,490/2007.

3,363, dated 9.12.2007 – Defined procedures for calculating the share of Required Base Capital (PRE) referring to exposures subject to variations in the coupon rate of price indices, treated in Resolution no. 3,490/2007.

3,364, dated 9.12.2007 – (Canceled and reissued on 9.25.2007) – Defined procedures for calculating the share of Required Base Capital (PRE) referring to exposures subject to variations in the coupon rate of interest rates, treated in Resolution no. 3,490/2007.

3,365, dated 9.12.2007 – Dealt with measuring the interest rate risk of operations not classified in the business portfolio.

3,366, dated 9.12.2007 – Defined procedures for calculating the share of Required Base Capital (PRE) referring to exposures subject to stock price variations, treated in Resolution no. 3,490/2007. Initially, it should be stressed that, for purposes of calculating capital requirements for stocks, only operations included in the business portfolio are to be considered. Adapting the standard methodology proposed by the Basel Bank Supervision Committee to the Brazilian reality, this circular called for calculation of a share related to specific risk and another share to general market risk. The first is obtained on the basis of the product between the specific risk factor, equal to 0.08, or 0.04 in the case of portfolios considered diversified according to criteria defined by this Central Bank, and the sum total of the absolute values of the net exposures of each issuer. The share of general risk, in its turn, makes offsetting possible among net long and short exposures of different issuers, being obtained on the basis of the product between the general risk factor, equal to 0.08, and the absolute value of the sum total of the net exposures of each issuer, considering net short exposures as a negative value. In analogous terms, treatment of positions in investment fund quotas can also be done by considering exposures in quotas in light of the composition of the fund portfolio or, should this not be possible, considering these quotas as the shares of an issuer. This circular goes into effect as of July 1, 2008.

3,367, dated 9.12.2007 – (Canceled and reissued on 9.17.2007) – Consolidated procedures for calculating and elaborating information related to the monitoring and control of exposures in gold, foreign currencies and assets and liabilities subject to exchange rate variation. Introduced improvements for existent convertibility risk in operations carried out abroad, emphasizing: i) calculation of exposures according to the sale price of the foreign currencies, based on market practice; ii) permission for institutions to define the currencies to be included in long exposures associated to the short position resulting from foreign participation; iii) permitted exposures related to resources obtained abroad that are the object of transfers to credit operations in the

framework of the financial conglomerate to be excluded, up to 12.31.2007, for purposes of calculation of segmented exposure in Brazil and abroad. In calculating the volume of exchange exposure, three shares are considered that, added together, are multiplied by an “F” factor, currently set at 1.00. Alterations in the system of calculation of exchange exposure go into effect upon publication of this instrument.

3,368, dated 9.12.2007 – Determined procedures for calculating the share of Required Base Capital (PRE) referring to exposures subject to commodity price variations, treated in Resolution no. 3,490/2007.

3,369, dated 10.19.2007 – Dealt with corroboration of compliance with requirements on accessibility set down in Decree no. 5,296/2004, by financial institutions and other institutions authorized to operate by the Central Bank of Brazil.

3,370, dated 10.23.2007 – Dealt with complementary procedures related to implementation of the organizational component of the ombudsman.

3,371, dated 12.6.2007 – Instituted the standardized table of priority services and the basic standardized package, according to the terms of Resolution no. 3,518/2007.

3,372, dated 12.13.2007 – Announced the methodology for calculating the average rate of real/dollar exchange released by the Central Bank of Brazil (System of Exchange Rate Control and Information – PTAX) and altered the International Exchange and Capital Market Regulations (RMCCI) as regards procedures for registering electronic interbank exchange operations.

3,373, dated 12.21.2007 – Dealt with independent auditing services provided to administrators of buyer groups.

Foreign Trade Secretariat Circulars

3, dated 1.22.2007 – Announced the final result of the 2006 Annual Review of the United States Generalized System of Preferences (GSP), published in Volume 72, no. 10, pages 2,033 to 2,035 of the Federal Register, on 1.17.2007, in the document Generalized System of Preferences (GSP), available at the following electronic address: www.ustr.gov/assets/Trade_Development/Preference_Programs/GSP/asset_upload_file19_10292.pdf.

6, dated 2.15.2007 – Announced that the quota entitled to the benefit of 100% of tariff preference, corresponding to exports from Brazil to Uruguay in the period extending from 1.1.2007 to 6.30.2007, involving 3,250 automobiles and light commercial vehicles of up to 1,500 kg of cargo capacity, encompassed by the Mercosul Common

Nomenclature (NCM) codes shown in Appendix I of the 31st Additional Protocol to the Economic Complementation Agreement (ACE) no. 18 and that comply with the provisions contained in the 62nd Additional Protocol to ACE no. 2, was distributed among the companies cited.

25, dated 5.30.2007 – Announced that, according to the terms of the notification published in the 2007 Federal Register, United States authorities informed the public with regard to the start of the 2007 annual review of the Generalized System of Preferences (GSP). Brazilian entities interested in the question may send petitions by e-mail to the offices of the United States Trade Representative (USTR), with petitions for inclusion of products in the GSP system of the United States or for granting of waivers from the limits on competitiveness set down in the United States SGP program.

30, dated 6.18.2007 – Announced the system of redistribution among the companies mentioned therein of the quota resulting from application of the 65th Additional Protocol, involving 3,250 automobiles and light commercial vehicles with cargo capacity of up to 1,500 kg, included in the Common Mercosul Nomenclature (NCM) codes shown in Appendix I of the 31st Additional Protocol to Economic Complementation Agreement no. 18 and that comply with the provisions contained in the 62nd Additional Protocol to Economic Complementation Agreement no. 2, entitled to the benefit of 100% tariff preference in exports from Brazil to Uruguay.

35, dated 7.6.2007 – Announced that termination of the 2006 Annual Review of the United States General System of Preferences (GSP) was published in Volume 72, no. 125, of the *Federal Register*, on 6.29.2007, in document *Proclamation 8157, dated 6.28.2007 – To Modify Duty-Free Treatment under the Generalized System of Preferences, Takes Certain Actions under the African Growth and Opportunity Act, and for Other Purposes, by the President of the United States of America*, available on the official site of the United States government at the following electronic address: http://www.ustr.gov/assets/Trade_Development/Preference_Programs/GSP/GSP_Results_of_the_2006_Annual_Review/asset_upload_file58_12946.pdf.

36, dated 7.11.2007 – Dealt with consolidation of the procedures applicable to imports, exports and drawback and repealed Directive no. 35/2006 and other normative instruments stated therein.

51, dated 9.17.2007 – Announced the system of redistribution among the companies mentioned therein of the quota of 6,500 automobiles and light commercial vehicles with cargo capacity of up to 1,500 kg, included in the Mercosul Common Nomenclature (NCM) codes shown in Appendix I of the 31st Additional Protocol To Economic Complementation Agreement no. 18 and that comply with the provisions contained in the 67th Additional Protocol to Economic Complementation Agreement no. 2, entitled to the benefit of 100% tariff preference in exports from Brazil to Uruguay.

61, dated 10.31.2007 – Announced that the United States Trade Representative (USTR), of the United States government, published a communiqué under the title: *Generalized System of Preferences (GSP): Import Statistics Relating to Competitive Need Limitations; 2007 Annual GSP Review; Petitions Requesting CNL* in the *Federal Register*, volume 72, 205, pages 60,395 to 60,396, on 10.24.2007, providing information on the availability of provisional statistics on United States imports in the period extending from January to August of the 2007 fiscal year.

Central Bank of Brazil Circulars Letters

3,277, dated 5.31.2007 – Elucidated the doubt raised by members of the financial system with regard to prior notification deposits, automatic reinvestment and deposits of stockholders in credit, finance and investment companies existent on the date of publication of Resolution no. 3,454. As stated in article 4, single paragraph, of the aforesaid resolution, it is possible to maintain these investments until their respective maturities.

Ministry of Agriculture, Livestock and Supply Directive

309, dated 10.9.2007 – Determined that allocation of the preferential quota of sugar exports targeted to Brazil by the United States will be done at sugar production units located in the north and northeast regions, in the volumes specified therein, after deduction of polarization for purposes of export in the 2007/2008 harvest year. The operation will observe the participation of each state in the allocation made in previous years and weighting of each industrial unit according to its production of sugarcane derivatives in the 2006/2007 harvest.

Ministry of Science and Technology Directive

685, dated 10.25.2007 – Dealt with procedures for inclusion of new product models already qualified for the fiscal incentive instituted by Informatics Legislation, as determined in §5 of article 22 of Decree no. 5,906/2006, and revoked Interministerial Directive of the Ministry of Science and Technology (MCT)/Ministry of Development, Industry and Foreign Trade (MDIC) no. 151/2006.

Ministry of Development, Industry and Foreign Trade Directives

7, dated 1.17.2007 – Regulated the rules and procedures for implementation of the 35th Additional Protocol to Economic Complementation Agreement no. 14 (Automotive Agreement), formalized between Brazil and Argentina on 6.28.2006.

232, dated 12.4.2007 – Replaced the Appendix to Directive no. 58, dated 4.10.2002, which listed the products apt for the Export Financing Program (Proex), post-shipment stage.

Foreign Trade Secretariat Directive

33, dated 10.30.2007 – Altered Foreign Trade Secretariat (Secex) Directive no. 35, dated 11.24.2006, aimed at implementing the Drawback Web, and revoked Secex Circular no. 39, dated 8.3.2007.

Ministry of Finance Directive

214, dated 8.28.2007, republished on 8.31.2007 – Created a Work Group to evaluate the possibility of closer cooperation between Brazil and the Organisation for Economic Co-operation and Development (OECD), in the framework of the Ministry of Finance.

National Treasury Secretariat Directives

177, dated 3.29.2007 – Authorized issuance of National Treasury Notes – Series I (NTN-I), for the amount of R\$45.046.120,97 (forty five million, forty six thousand, one hundred and twenty reais and ninety seven centavos), referenced to 3.15.2007, to be utilized in payment of interest rate equalization in financing of exports of Brazilian goods and services under the terms of the Export Financing Program (Proex).

350, dated 6.11.2007 – Authorized issuance of National Treasury Notes – Series I (NTN-I), in the amount of R\$47.501.759,29 (forty seven million, five hundred and one thousand, seven hundred and fifty nine reais and twenty nine centavos), referenced to 5.15.2007, to be utilized in payment of interest rate equalization in financing of exports of Brazilian goods and services under the terms of the Export Financing Program (Proex).

403, dated 6.27.2007 – Authorized issuance of National Treasury Notes – Series I (NTN-I), in the amount of R\$28.343.820,99 (twenty eight thousand, three hundred and forty three thousand, eight hundred and twenty and ninety nine centavos),

referenced to 6.15.2007, to be utilized in payment of interest rate equalization in financing of exports of Brazilian goods and services under the terms of the Export Financing Program (Proex).

490, dated 7.23.2007 – Authorized issuance of National Treasury Notes – Series I (NTN-I), in the amount of R\$17.036.383,11 (seventeen million, thirty six thousand, three hundred and eighty three reais and eleven centavos), referenced to 7.15.2007, to be utilized in payment of interest rate equalization in financing of exports of Brazilian goods and services under the terms of the Export Financing Program (Proex).

566, dated 8.28.2007 – Authorized issuance of National Treasury Notes – Series I (NTN-I), in the amount of R\$39.986.517,65 (thirty nine million, nine hundred and eighty six thousand, five hundred and seventeen reais and sixty five centavos), referenced to 8.15.2007, to be utilized in payment of interest rate equalization in financing of exports of Brazilian goods and services under the terms of the Export Financing Program (Proex).

627, dated 9.24.2007 – Authorized issuance of National Treasury Notes – Series I (NTN-I), in the amount of R\$17.929.912,60 (seventeen million, nine hundred and twenty nine thousand, nine hundred and twelve reais and sixty centavos), referenced to 9.15.2007, to be utilized in payment of interest rate equalization in financing of exports of Brazilian goods and services under the terms of the Export Financing Program (Proex).

692, dated 10.30.2007 – Authorized issuance of National Treasury Notes – Series I (NTN-I), in the amount of R\$17.367.163,20 (seventeen million, three hundred and sixty seven thousand, one hundred and sixty three reais and twenty centavos), referenced to 10.15.2007, to be utilized in payment of interest rate equalization in financing of exports of Brazilian goods and services under the terms of the Export Financing Program (Proex).

735, dated 11.21.2007 – Authorized issuance of National Treasury Notes – Series I (NTN-I), in the amount of R\$27.267.243,60 (twenty seven million, two hundred and sixty seven thousand, two hundred and forty three reais and sixty centavos), referenced to 11.15.2007, to be utilized in payment of interest rate equalization in financing of exports of Brazilian goods and services under the terms of the Export Financing Program (Proex).

Ministry of Justice Directive

2,258, dated 12.28.2007 – Approved the Internal Bylaws of the National Council for Combating Piracy and Crimes against Property and revoked Directive no. 1, 207/2005.

Normative Instructions Issued by the Federal Revenue Secretariat of Brazil

722, dated 2.12.2007 – Altered Normative Instruction no. 687/2006, which deals with submission of information related to foreign currency resources maintained abroad and consequent upon inflows of exports of merchandise and services.

726, dated 2.28.2007 – Dealt with exchange operations and maintenance of resources abroad in foreign currency related to exports of merchandise and services, and instituted the Declaration on the Utilization of Foreign Currency Resources Consequent upon Export Inflows (Derex).

731, dated 4.3.2007 – Altered Normative Instruction no. 680, dated 10.2.2006, which disciplines customs clearance of imports.

744, dated 5.31.2007 – Altered Normative Instruction no. 252/2002, which deals with the levying of the income withholding tax on earnings paid, credited, employed, delivered or rebated to individuals or corporate entities resident or domiciled abroad in the cases mentioned therein, such as participation in commercial promotion fairs and events.

794, dated 12.19.2007 – Altered Normative Instruction no. 560/2005, which deals with Customs Clearance of Imports and Express Remittance Exports.

799, dated 12.26.2007 – Dealt with customs clearance of imports of goods to be utilized in scientific and technological research.