

Foreign Capital in Brazil

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1. General Provisions:

i) Census of Foreign Capital:

[Circular 3,039](#), dated 06.08.2001: disseminated the performance of the 2001 Foreign Capital Census in Brazil. The [Circular 3,055](#), dated 08.09.2001, extended the deadline for submitting declarations for the 2001 Census of Foreign Capital in the Country.

[Circular 3,329](#), dated 10.11.2006: disseminated the performance of the 2006 Foreign Capital Census in Brazil. The Circular-Letter 3,245, dated 10.13.2006, issued the concerning Manual of the Reporter.

ii) dissemination of Records and Cancellation of Records:

[Communiqué 11,489](#), dated 10.07.2003: provides on the dissemination of records and cancellation of records of foreign capitals in the Central Bank of Brazil Internet site

iii) penalties:

[Resolution 2,883](#), 08.30.2001 - defines criteria for applying penalties related to foreign capital flows.

[Resolution 2,901](#), 10.30.2001 - defines criteria for application of penalties related to information given to the Central Bank of Brazil and in observance of procedures related to foreign exchange operations and international transfers in Real.

[Circular 3,067](#), 11.01.2001 - establishes procedures for analysing defence and requests for reconsideration and revision related to application of penalties.

iv) Redecec - Foreign Capital and Exchange Information Network:

[Circular 3,208](#), dated 10.30.2003: establishes the Foreign Capital and Exchange Information Network - Redecec. The [Communiqué 11,564](#), dated 11.03.2003 - Publishes procedures for the use of Redecec services.

v) RDE - Electronic Declaratory Registration:

[Resolution 2,337](#), dated 11.28.1996: authorizes electronic declaratory registration with the Central Bank of Brazil and changes provisions related to foreign investments in portfolio.

2) Direct Investment:

i) general provisions:

[Resolution 3,455](#), dated 30.05.2007: makes provisions on the electronic declaratory registration with Central Bank of Brazil of the foreign capital, as mentioned in Law nº 11,371, dated 11.28.2006, and establishes criteria for applying penalties for infringement of the regulation applicable to the registration of foreign capital in Brazilian currency. For regulation see [RMCCI - International Capital and Foreign Exchange Market Regulation - title 3, chapter 4](#).

[Circular 2,997](#), dated 08.15.2000 - establishes and regulates the electronic declaratory registration of foreign direct investments - RDE-IED Module. The article 6 and sole paragraph of article 25 of Appended Regulation amended by [Circular 3,021](#), dated 12.28.2000. And the sole paragraph of article 9 of Appended Regulation revoked by [Circular 3,074](#) dated 01.04.2002.

[Communiqué 7,817](#), dated 08.31.2000: informs on availability of instructions related to Electronic Declaratory Registration of Direct Foreign Investments - RDE-IED at the Central Bank of Brazil homepage in the Internet.

[Communiqué 7,845](#), dated 09.13.2000: informs procedures for registration of principal, interests, and charges conversion into investments with the Electronic Declaratory Registration System (RDE), Financial Operations Registration Module (ROF).

ii) Brazil/USA Investment Guaranty Agreement:

[Communiqué 5,008](#), dated 02.14.1996: informs as to the decentralization of requests for inclusion of operations involving foreign investments in the country or foreign credit operations in the Brazil/USA Investment Guaranty Agreement. The annex of it amended by [Communiqué 5,845](#), dated 10.13.1997.

iii) Afac - Advances for Future Capital Increases:

[Circular 2,832](#), dated 08.24.1998: permits funding inflows in the form of Advances for Future Capital Increases with the exclusive objective of participating in federal government privatisations and public utility concession processes. The [Circular-Letter 2,810](#), dated 08.24.1998: defines the procedures to be followed in relation to resources that have entered the country under the Circular 2,832.

iv) interests as remuneration of share of capital:

[Circular 2,722](#), dated 09.25.1996: establishes condition for remittance of interests to foreign owners, partners or stockholders, as remuneration of their share of capital, calculated based on net equity accounts, as well as for registration of foreign participation in the capitalization of such interests.

3) Investments in Portfolio:

i) general provisions:

[Resolution 2,689](#), dated 01.26.2000: makes provisions on investment by non-resident investors in financial and capital markets. The Article 10, paragraph 1, and Article 16 amended by [Resolution 2,742](#), dated 06.28.2000, which gives provisions on the term for adaptation of the foreign investment mode mentioned in Regulation Annex IV of [Resolution 1,289](#), of 1987, to provisions of Resolution 2,689, of 2000. Besides this, the Article 8 of Resolution 2,689, of 2000, amended by [Resolution 3,245](#), dated 11.25.2004.

[Circular 2,963](#), dated 01.26.2000: establishes conditions for electronic declaratory registration and investments of non-resident investor envisaged by Resolution 2,689, of 2000.

[Circular 2,975](#), dated 03.29.2000: establishes conditions for recording of foreign investments in financial and capital markets - Module RDE-Portfolio.

[Circular-Letter 2,702](#), dated 11.28.1996: publishes procedures related to Electronic Declaratory Registration of foreign investments in portfolio.

[Resolution 2,786](#), dated 11.27.1997: makes provisions on the applications of foreigner investors in capital markets. Execution of exchange agreements may be performed directly by Companhia Brasileira de Liquidação e Custódia (CBLC) (Brazilian Company of Settlement and Custody).

[Resolution 3,334](#), dated 12.22.2005: amends and revokes Central Bank of Brazil's regulations and norms related to investment funds, in accordance to Law 10,303 dated 2001.

[Resolution 3,349](#), dated 02.23.2006: makes provisions on investment by non-resident investors in financial and capital markets. Revoked The Regulation Annex III of [Resolution 1,289](#), of 1987.

ii) DRs (Depositary Receipts):

[Resolution 1,289](#), dated 03.20.1987: regulation appearing as Appendix V, which disciplines Depositary Receipts - DRs, approved and included by Resolution 1,927, dated 05.18.1992. Article 4 to 6 revoked by [Resolution 2,337](#), dated 11.28.1996.

[Resolution 3,760](#), dated 07.29.2009: authorizes the launching of Depositary Receipts Programs overseas, guaranteed by shares issued by financial institutions with headquarters in the Country, with shares sold in stock markets.

[Circular-Letter 2,285](#), dated 06.15.1992: establishes specific procedures related to exchange operations for the mechanism of Depositary Receipts. Nowadays, the codes relative to the foreign exchange operations are in [RMCCI \(International Capital and Foreign Exchange Market Regulation\)](#), title 1, chapter 8.

[Circular-Letter 2,702](#), dated 11.28.1996: publishes procedures related to Electronic Declaratory Registration of foreign investments in Depositary Receipts Programs.

iii) conversion funds – foreign capital:

[Resolution 1,460](#), dated 02.01.1988: disciplines conversions of credits subject to Brazilian external debt restructuring agreements into investments within the country. The conversion funds foreign capital established on article 11 of the appended regulation.

iv) emerging company investment fund:

[Resolution 2,247](#), dated 02.08.1996: treats of investment of foreign capital resources in quotas of Emerging Business Mutual Investment Funds.

v) real state investment funds:

[Resolution 2,248](#), dated 02.08.1996: treats of investment of foreign capital resources in quotas of Real Estate Investment Funds.

vi) forward, futures and options contracts of farm products:

[Resolution 2,687](#), dated 01.26.2000: admits performance of operations with forward, futures and options contracts of farm products by non-residents in the country.

[Circular 2,922](#), dated 08.24.1999: establishes the electronic declaratory registration for foreign investment in futures contracts of agricultural products. And the [Circular-Letter 2,868](#), dated 08.24.1999, establishes procedures for electronic declaratory registration of these investments.

4) Foreign Credits:**i) general provisions:**

[Resolution 3,217](#), dated 06.30.2004: permits anticipated settlement of obligations related to foreign credit operations, leasing and imports with short term payment maturity.

[Circular 2,731](#), dated 12.13.1996: establishes and regulates the electronic declaratory registration of financial operations - ROF (Financial Operations Registration) module, upon the provisions of Resolution 2,337, dated 11.28.1996. The Appended Regulation to this Circular had the following amendments: i) [Circular-Letter 2,746](#), dated 06.27.1997 amended the paragraph 1 of article 25 and the items I-b, II-c, III-b, IV-c, V-a, VI-c, and VII-c of article 36; ii) [Circular-Letter 2,771](#), dated 11.20.1997,

amended sole paragraph of article 7; and iii) [Circular-Letter 2,781](#), dated 01.14.1998, amended articles 2, 3, 14, item V of article 36, article 37 and 38, and also included articles 12 and 39 sole paragraphs.

[Circular 2,816](#), dated 04.15.1998: establishes the Electronic Declaratory Registration for technology transfer, complementary technical services and intangible import operations.

[Circular 3,027](#), dated 02.22.2001: institutes and regulates the Electronic Declaratory Registration of loans among parties resident or domiciled in the country and parties resident or domiciled abroad, and of external funding operations earmarked to exports. Paragraph 5 of article 15 was included by Circular 3.271, dated 12.21.2004.

[Circular-Letter 2,756](#), dated 08.08.1997: establishes procedures for authorization of remittances abroad resulting from operations registered under the Appended Regulation to [Circular 2,731](#), dated 12.13.1996, and not included in payment arrangements.

[Circular-Letter 2,795](#), dated 04.15.1998: regulates the Electronic Declaratory Registration for technology transfer, complementary technical services and intangible import operations established by [Circular 2,816](#), dated 04.15.1998.

[Circular-Letter 2,901](#), dated 03.16.2000: RDE - Electronic Declaratory Registration - ROF Module - clarifies on the refinancing of financed import operations, renegotiation of leasing operations and renegotiation, financing and extension of letting, renting and freighting operations.

[Circular-Letter 2,944](#), dated 11.29.2000: enables execution of exchange agreement for payment of amounts due in operation registered under the provisions of [Circular 2,731](#), dated 12.13.1996, by a non-holder of the respective ROF.

[Circular-Letter 2,985](#), dated 11.28.2001: foreign credit operations - disseminates procedures related to migration to ROF module, of records related to certificates of authorization and paper-issued records.

[Communiqué 7,359](#), dated 03.16.2000: ROF module - informs the procedures for registration of refinancing of financed import operations, renegotiation of leasing operations and renegotiation, financing and extension of letting, renting, freighting, and assumption of obligation operations.

[Communiqué 7,431](#), dated 04.07.2000: ROF module - informs the procedures to make regular provisionally registered operations of refinancing.

[Communiqué 7,714](#), dated 07.21.2000: clarifies procedures related to the deduction of the income tax value, payable by the creditor, from foreign exchange contracts of financial remittances of credits registered on the ROF module.

[Communiqué 12,523](#), dated 09.20.2004: informs procedures for anticipated settlement of obligations related to foreign credit and leasing operations registered on the ROF module.

ii) international leasing (foreign leasing):

[Resolution 1,969](#), dated 09.30.1992: defines criteria to be observed in international leasing operations (foreign leasing).

[Resolution 2,309](#), dated 08.28.1996: disciplines and consolidates norms related to leasing operations. Three articles of this Resolution were amended: i) article 6, by the Resolution 2,465 dated 02.19.1998; ii) article 9, by the Resolution 3,175 dated 02.20.2004 and; iii) article 21 by the Resolution 2,595 dated 02.25.1999.

iii) conversion of external credit:

[Resolution 1,460](#), dated 02.01.1988: disciplines conversions of credits subject to Brazilian external debt restructuring agreements into investments within the country. This Resolution had the following amendments: i) [Resolution 1,522](#), dated 09.21.1988, amended the caput of article 2 of the Appended Regulations; ii) [Resolution 1,530](#), dated 11.30.1988, included article 19 ; iii) [Resolution 1,466](#), dated

03.01.1988, provided new composition to article 20 (I and II) and Resolution 1,530, dated 11.30.1988 renumbered articles 19 and 20 to 20 and 21.

[Resolution 1,696](#), dated 03.29.1990: revokes dispositions on the constitution of deposits registered in foreign currency with Central Bank and establishes procedures for its release.

[Resolution 2,063](#), dated 04.13.1994: regulates conversions of amounts deposited with the Central Bank of Brazil into investments, according to the terms of the "Parallel Financing Agreement", based on the terms of the "1992 Financing Plan".

[Resolution 1,840](#), dated 07.16.1991: institutes the External Debt Conversion Plan for Environmental Purposes. Circular 1,988, dated 07.16,1991 released limits and procedures related to the stated Plan.

[Circular 1,303](#), dated 03.18.1988: establishes criteria for conversions into investments that are not subject to auction, as treated of in Resolution 1,460, dated 02.01.1988.

[Circular 3,074](#), dated 01.04.2002: makes provisions on regularization of conversions of remissible credits into investments, made without entering into foreign exchange operations.

[Circular-Letter 1,779](#), dated 03.22.1988: establishes procedures for conversions into investment when not subject to auctions, as treated of in Resolution 1,460, dated 02.01.1988. The stated Circular had the following amendments: i) Circular Letter 1,814, dated 07.12.1988, amended item 2-c-IV and included item VI of the appended model.

[Communiqué 7,845](#), dated 09.13.2000: informs procedures for registration of principal, interests, and charges conversion into investments with the Electronic Declaratory Registration System (RDE), ROF module.

iv) accreditation of foreign credit operations:

[Resolution 2,515](#), dated 06.29.1998: establishes criteria for accreditation and authorization of foreign credit operations in the interest of States, the Federal District, Municipalities and self-governing bodies, foundations and companies thereof, including collocated, controlled, affiliate and subsidiary companies thereof, and of self-governing bodies, foundations and non-financial companies of the Union, including collocated, controlled affiliate and subsidiary companies thereof, without guarantee of the Union, as well as for procurement of foreign resources by State banks. [Resolution 2,890](#), dated 09.26.2001, amended article 1 and [Resolution 3,756](#), dated 07.01.2009, amended article 3.

[Circular 2,826](#), dated 06.29.1998: regulates provisions of Resolution 2,515, dated 06.29.1998, regarding criteria for accreditation and authorization of foreign credit operations in the interest of States, the Federal District, Municipalities and self-governing bodies, foundations and companies thereof, including collocated, controlled, affiliate and subsidiary companies thereof, and of self-governing bodies, foundations and non-financial companies of the Union, including collocated, controlled, affiliate and subsidiary companies thereof, without guarantee of the Union.

v) external loans:

[Resolution 2,770](#), dated 08.30.2000: changes and consolidates the rules governing loan operations involving residents or domiciled in Brazil and residents or domiciled abroad.

vi) import financing:

[Resolution 2,342](#), dated 12.13.1996: gives provisions for payment of Brazilian imports.

vii) guarantees given by international organizations:

[Resolution 3,218](#), dated 06.30.2004: gives provision for guarantees provided in internal credit operations by international organizations in which Brazil participates. Vide [RMCCI -International Capital and Foreign Exchange Market Regulation - title 3, chapter 3](#).

viii) interest on arrears:

[Circular-Letter 2,205](#), dated 08.23.1991: treats of the procedures to be observed in payments of interest on arrears involving commitments abroad.

ix) advance receipt of export and securitization of exports:

[Resolution 1,834](#), dated 06.26.1991: permits contracting of external funding operations earmarked to exports.

[RMCCI - International Capital and Foreign Exchange Market Regulation - title 3, chapter 2, section 1](#).

[Circular-Letter 2,191](#), dated 08.01.1991: determines procedures for contracting of external funding operations earmarked to Brazilian exports.

x) Reais denominated bonds:

[Resolution 3,221](#), dated 07.29.2004: establishes criteria for registration of external funding operations earmarked to Reais denominated bonds.

[Circular 3,250](#), dated 07.30.2004: establishes criteria for registration of external funding operations earmarked to Reais denominated bonds.