

Simplification Measures in the Foreign Exchange Area

Updated in October, 2015

Introduction

This document intends to describe the recent evolution of the Brazilian exchange market, since when there were executed rigorous controls, until nowadays, time in which prevails foreign exchange freedom, regarded the legality of each transaction, based on economic fundamentals and responsibilities defined in related documentation.

Foreign Exchange control

In 1933, Decree Nr. 23,258, required repatriation to Brazil of Brazilian exports proceeds. This measure was adopted in a context of severe currency shortage and imports substitution policy. Two years before, Decree Nr. 20,451 had established State monopoly for foreign currencies acquisitions.

These strong measures, which included the application of administrative sanctions to the exporter charging fines up to 200% of transaction value, came up because of successive foreign exchange crises affecting the country. One relevant reason for such crises was the fact that export revenues were the only primary source of funds financing the equilibrium of the country's balance of payments.

Since its foundation, the Central Bank of Brazil (*Banco Central do Brasil* - BCB) has had direct relationship with enterprises, guiding them in several situations, determining settlement of pending issues regarding their international operations and also establishing administrative proceedings against offenders. A particularly effective way to conduct such controls was the mandatory link of each shipment with a settled export foreign exchange contract - and vice versa.

Before computer-based systems, the BCB used to receive from the Federal Revenue Service (*Secretaria da Receita Federal do Brasil* - RFB) a copy of the export-shipping permit. In turn, the bank purchasing foreign currency used to send to the Central Bank one copy of the foreign exchange contract firmed with the exporter. With these documents, the BCB used to match shipping with the respective foreign exchange transaction of each export operation.

The BCB also used to enforce rigorous control over import operations, requiring a unique link of the settled import foreign exchange contracts with the respective customs clearance of products acquired abroad.

The exchange control procedures, made manually without any electronic register, were also executed in respect to services and international capitals transactions. Therefore, Brazil lived during decades with bureaucratic restrictions to access foreign currency in the foreign exchange market, besides the requirement of previous and posterior authorizations in the international capitals area.

Computer-based system: effective, but costly

After the implementation of Central Bank Information System (SISBACEN) and Foreign Trade Integrated System (SISCOMEX) in the 1980's and 1990's, foreign exchange regulations started to require that such links were made directly in those systems by the banks, on a case-by-case basis, for each shipment and foreign exchange contract.

Besides, the system has allowed provisioning values to be linked as an early “warrant” of the shipment amount to be applied to the foreign exchange contract. In addition, the system required that all other events related to the export, such as amendments, extensions, write-offs, cancellations and removal of data previously entered, were reflected in the system, on a case-by-case basis.

On the one hand, the procedure proved efficient in following and controlling export operations. It also enabled an accurate gathering of data and information related to Brazilian exports and imports. On the other hand, it required a high number of individual records in the systems, which resulted in a high operational cost for banks and corporations.

For example, in the case of foreign contract related to exports, only banks were allowed to manage records in the systems, even when contractual adjustments between the exporter and the bank were not necessary, such as amendments and adjustments of dates. Therefore, for any event, the exporter relied on mandatory intervention of banks for entering its records. In this sense, the exporter was subject to banking fees and, consequently, faced higher operational costs.

Another important issue is that a shipment endorsed by an export shipment registration with the RFB or a custom clearance of an import declaration may be partially or entirely related to different foreign exchange contracts. Similarly, one foreign exchange contract may be related to different shipments customs documents. Besides, notwithstanding the significant daily number of export and import foreign exchange operations, shipments and customs clearances, the events related to these occurrences, could lead to records of partial or proportional links.

All these requirements led to high transaction costs that could be verified on case-by-case basis for each event that occurred.

The flexible approach started on late 1980's

A National Monetary Council (CMN) resolution that created the floating rate foreign exchange market, in 1998, started the process of making the exchange market in Brazil more flexible. These rules made possible for any resident in Brazil, including exporters, to constitute available funds abroad by means of international operations in domestic currency intermediated by financial institutions abroad.

Thereafter, Brazilian exporters came to experience a paradoxical and asymmetric situation: even though enforced to repatriate to Brazil his foreign revenues, they had regulatory support for, either simultaneously or in a later moment, constitute funds abroad with no restrictions whatsoever.

Besides that, most of Brazilian exporters, holders of other obligations abroad and importers of goods and services, were under the formal requirement of repatriating their export revenues to Brazil. Almost at the same time, exporters were obliged to make remittances for payment of their debts abroad, with all the costs resulting from negotiating the foreign exchange, as a seller and a buyer.

In practice, these situations of much bureaucracy implied in high costs, which were related to spreads between foreign exchange purchase and sale rates, bank fees and corporations' administrative costs.

Floating regime and exchange markets unification

The free-floating exchange rate regime, implanted in Brazil in 1999, represented an effective marking instrument to foreign exchange transactions, allowing proper allocation of resources according to supply and demand of foreign currency in the foreign exchange market and inhibiting speculative movements.

Regarding the improvement on Brazilian economic fundamentals and the country's external vulnerability significant reduction, in 2005, a set of measures that modernized and simplified the foreign exchange area came to force. It is worth highlighting the unification of exchange markets. In the process of unification, CMN established, as a general rule, the end of limits and restrictions for the purchase and sale of foreign currency and international transfers in Brazilian *reais* (BRL), such transactions to be performed under the principles of legality, economic foundation and documental basis. However, exceptions to this rule were investments made abroad in capital markets and derivatives by individuals and companies, as well as any investment made abroad by institutions authorized to operate by the BCB and funds of any nature, which came to be conducted under specific regulations.

Repatriation requirement softening

Law Nr. 11,371, of 2006, enabled to soften exports repatriation requirement, entitling the CMN to define the percentage of exports revenues that should effectively enter into Brazil. In the same year, the CMN established the percentage of 30 % as a limit to

keep revenues abroad. In 2008, the CMN enabled the Brazilian exporters to keep abroad 100 % of their exports proceeds.

The end of exchange control requirements was an important economic and managerial instrument to export companies, contributing, at the same time, to a better insertion of the country in the international market.

Another important measure to reduce costs was introduced by Law no. 11,371, of 2006, which established the end of the fine charged on delays or lack of settlement of the foreign exchange contract related to Brazilian import operations. Up to then, in case of delay of about 180 days from the maturity of the obligation without the contract of the related foreign exchange operation, as established by the BCB, the importer was subject to a fine based on the import value. This fine was established in the nineties to avoid speculative moves involving import operations, mainly the arbitrage between domestic and foreign interest rates. This is no longer a concern, because, under Law Nr. 11,371, of 2006, Brazilian corporations have legal authorization to pay for imports with funds available abroad, which are not subject to the foreign exchange contracting rules prevailing in the Brazilian foreign exchange market.

Law Nr. 11,371 also exempted the use, in operations limited to US\$ 3,000, of the foreign exchange contract form, as defined by the Central Bank, previously required by Brazilian legislation for all foreign exchange operations. This measure aimed the reduction of costs of small remittances to other countries, especially those made in the interest of natural persons, either resident in Brazil or abroad. Also, in 2008, the National Monetary Council eliminated the requirement of documents presentation related to legal transactions underlying the exchange operation limited to US\$ 3,000, keeping the obligation of the client identification.

Another measure passed in Law Nr. 11,371 was the determination of registering in domestic currency (with the BCB) foreign capital entered into accounts of corporations in Brazil that were not registered and were not subject to other form of registration with the BCB. The measure contributed to the improvement of statistics data related to foreign capitals in Brazil, which came to incorporate values belonging to non-residents that were up to then unknown.

Law Nr. 11,371 also enabled payment in BRL of purchases in duty-free stores authorized to operate in primary zones of Brazilian ports and airports.

Facilitated the use and acceptance of Brazilian currency abroad

In 2008, the National Monetary Council came to allow the purchase and sale of foreign currency among banks in the country and banks abroad, with delivery or receive of the national currency at the settlement of the exchange operation. Then, it became possible to the banks abroad to acquire Brazilian *reais* (BRL) in cash to resell it later to foreign tourists intended to travel to Brazil, eliminating the necessity of foreign exchange operation in Brazil by the foreign tourist. The inverse operations also came

to be allowed, making it possible to resell BRL in cash acquired abroad to Brazilian banks.

In addition to that, Law Nr. 11,803, of that year, allowed the banks authorized to operate in the exchange market to comply with payment orders received from abroad in BRL, through the use of BRL resources available in the deposit accounts of banks domiciled or headquartered abroad. This measure allowed the existence of banks correspondents in Brazil, in national currency, of banks abroad, with the same function performed by the correspondents abroad of Brazilian banks to the execution of payment orders in foreign currency. Thus, a resident abroad that needs to make payments in BRL in Brazil, for any reason, can purchase it directly from banks abroad that maintain accounts in our currency, in national territory, which will determine to the depositary bank the debt of its account in BRL for its delivery to the recipient in the country. The transfers abroad, from the national territory, continue to be held only by the institutions allowed to operate in the exchange market, remittances through financial institutions from abroad are not allowed.

Law Nr. 11,803, of 2008, also allowed the BCB to maintain deposit accounts in BRL held by central banks and institutions from abroad and internationally accredited, that provide clearing services, settlement and custody in the international market. The possibility of opening and operation of such accounts has improved the payment and compensation systematics of international transactions involving the Brazilian currency. In order to implement those accounts as regards the local currencies swap agreement, the CMN passed a resolution in 2013, which establishes the procedures and conditions for opening and maintenance of such deposit accounts by foreign central banks with which the BCB enter into agreements for this purpose. These accounts purpose is exclusively to process transfers of funds relative to the currency swaps. The funds deposited there are free of interest payment and BCB is not allowed to grant credit to the foreign central bank.

The same law also established contingency margin under the System of Payments in Local Currency (SML) implemented jointly by the central banks of Argentina, Brazil and Uruguay. The SML is a clearing house to settle commercial transactions in the foreign exchange market between BRL and Argentinian peso and between BRL and Uruguayan peso.

In 2014, investors living abroad were allowed to make investments in BRL at Brazilian financial and capital markets with funds kept on their own BRL account or payment order in BRL coming from abroad.

That year it was also allowed that the funds credited to BRL accounts held by international bodies such as the World Bank and the Inter-American Development Bank (IDB), from their funding in the Brazilian securities market started to be used for granting credit to the private sector or for investment in corporate bonds in the country. On that occasion, the regulations have enlarged the deadline for the register of BRL international transfers on Sisbacen and waived requirements of documentary evidence for debits and credits as well as to provide classification codes of these financial transfers in the BRL accounts held by those international bodies. This measure facilitates the implementation of financing the productive sector and

broadens the range of financial products available in the market, especially long-term ones, with potential benefits for infrastructure projects in Brazil. It also contributes to the development of the domestic capital market.

Foreign exchange correspondents

The CMN has allowed, in 2008, institutions authorized to operate in the foreign exchange market to enter into contracts with correspondents, for the purchase and sale of foreign currency in cash, check or traveler's checks and foreign currency charge on prepaid card, execute active or passive payment order on unilateral transfer to or from abroad, and receiving and forwarding proposals for foreign exchange transactions. At that time, the buying and selling of foreign currency in cash, checks or travelers checks were restricted to those correspondents that were relevant tourist service providers registered with Ministry of Tourism or institutions that were authorized to operate by the Central Bank, but who did not have authorization to operate in the foreign exchange market.

In 2011, the lottery and the Postal Service also started to have this prerogative, besides being allowed to recharge foreign currency prepaid cards. Since 2012, there is no longer any distinction resulting from the economic activity of the correspondent.

This measure allows the opening of new service facilities for small value operations, being visible its social scope as it increases the capillarity to support manual exchange operations and international transfers.

Foreign Exchange System

Aiming to simplify the registration of the foreign exchange transactions and to reduce its operational costs, the BCB implemented a new registration system, which became operational in 2011, covering transactions between the institutions authorized to operate in the foreign exchange market and their customers, and went fully live in 2012, including operations between authorized institutions.

With the new Foreign Exchange System, the communication between financial institutions and the BCB started to be carried through messages, according to standardized models released in the National Financial System Service Catalog, which contains the instructions for message preparing and formatting, as well as the valid values to each field and workflows related to processing reception and criticizing the messages. There was also unification of the nine models of contract bonding institutions and their clients, and the revocation of the requirement of formalization of the contracts between financial institutions. Besides, foreign exchange contracts shall no longer be stored, but only recorded in the Central Bank.

The computer-based record system for foreign exchange transactions was modernized in its database, information processing and in information exchange format, with

implementation of the messaging systematic as a means of transmitting and receiving data of foreign exchange transactions daily traded in the markets.

The change of platform and the adoption of messaging not only allowed the individualization of charging by the BCB for services related to foreign exchange transactions, as resulted in reduction of costs to authorized institutions operating at Sisbacen. Thus, the new system created better conditions for the standardization of fees for small value foreign exchange transactions, facilitating comparison by customers and the choice of the institution with lower prices.

In 2015, the institutions authorized to operate in the foreign exchange market started to use the messaging system (which is similar to the one used in Foreign Exchange System) to submit information concerning BRL deposit accounts owned by individuals or companies resident, domiciled or headquartered abroad. The financial institution holding such non-residents BRL accounts must report to BCB every money transfer above BRL 10,000.00. This information integrates the database that serves data to calculate the balance of payments and statistics of income and remittances of funds abroad. To reduce transaction costs, in 2013, BCB has allowed the authorized institutions to provide information in a monthly basis for transactions with value equal to or greater than BRL 10,000.00 and smaller than BRL 100,000.00, as long as the transaction is not subject to foreign capital registration. The transactions informed through these monthly information files represent approximately 80% of transactions count, but their value make up only 5% of the total movement on such accounts.

Review of the foreign exchange transactions classification codes

The foreign exchange transactions classification codes identify main negotiation features, such as the economic nature of the operation, the customer, the payer or receiver abroad and the form of currency delivery. This information is an essential input for the calculation of balance of payments, besides its role in bank regulation, monitoring and supervision.

In 2013, the BCB has created new code structure for foreign exchange transactions classification, reducing the amount of codes by approximately 40%, seeking to ease classification and obtain greater accuracy of the information exchange agreements.

An important advance was the adaptation of international standards to the classification codes regarding the preparation of the balance of payments. This allowed better methodological adequacy between the information provided in foreign exchange contracts and studies prepared by the BCB.

In order to adapt the foreign exchange market and international capital rules to the new codes for the classification of foreign exchange transactions, the Foreign Exchange Market Regulation and International Capital (RMCCI) was replaced in 2014 by four normative documents covering: i) the regulation of foreign exchange market; ii) the classification codes of foreign exchange transactions; iii) the regulation of international capital - the Brazilian capital abroad and foreign capital in Brazil; and iv) the Agreement on Reciprocal Payments and Credits (CCR).

The replacement of RMCCI brought up an opportunity to implement several changes in the regulations, in order to make the commands clearer and easier to read. The new disclosure rules and new regulations of the BCB have simplified foreign exchange market rules and facilitated updating and inquiring such regulatory framework.

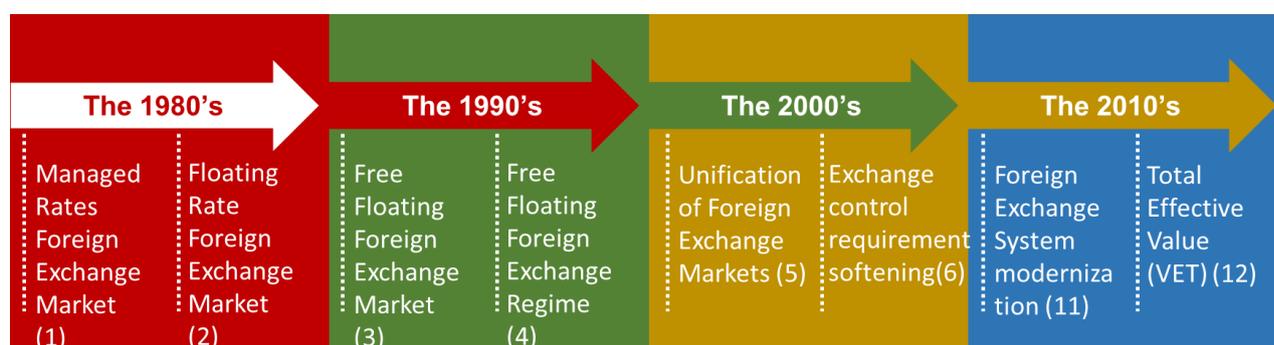
Total Effective Value (VET)

Institutions authorized to operate in the foreign exchange market may charge different rates and different fees. The Total Effective Value (VET) sums up all charges applicable to a foreign exchange transaction, which includes the exchange rate, the financial operations tax and fees. The VET is calculated in terms of the total BRL received or paid for each unit of foreign currency. The VET enables citizens to compare more precisely the prices available in the market for buying and selling foreign currency.

For more transparency, in 2013, the requirement for institutions to inform the VET to customer before contracting was extended to all operations up to the equivalent of USD 100,000.00 for settlement within two business days.

On that year, BCB has begun to publish the VET ranking on his website (https://www3.bcb.gov.br/rex/vet/index_en.asp). This ranking allows custom queries to the average VET practiced by institutions in recent months. It's important to stress that one cannot guarantee, at present, the same conditions which were valid in the past, and since the VET presented in the ranking is an average of the transactions registered at BCB by the institution in previous months, it serves only as a comparative parameter.

Brazilian Foreign Exchange Market Historical Evolution



The 1980's

- Rigid foreign exchange control;
- Limits and forbiddance of foreign exchange sale by banks.
- Financial fees in the purchase of foreign currency and international tickets.
- Need for authorization by the BCB for most foreign exchange operations.
- Foreign exchange black market, with substantial increase in premiums and motivation to the practice of foreign exchange frauds.

(1) Managed Rates Foreign Exchange Market

- Foreign exchange rates set by the BCB.
- Mini-devaluations policy.
- Mandatory performance of operation of transfer and coverage with the BCB.

(2) Floating Rate Foreign Exchange Market

- Currencies were traded on freely negotiated prices and terms, under more flexible regulation, with the exchange rate fluctuating according to supply and demand forces, without direct intervention of the BCB, transfer or coverage.
- Main operations: those related to international travels (tourism, credit cards, health treatment, etc.), current transfers (donations, maintenance of residents, assets, etc.), payment and receipt of

services (transfer of athletes, revenues, wages, etc.), operations in gold and other accounts, informally known as “Tourism dollar”.

- The regulation kept limits for each type of operation, which were gradually extinguished.

The 1990's

(3) Free Floating Rates Foreign Exchange Market – Resolution Nr. 1,690, of 1990.

- Came to replace the then existing Managed Rates Foreign Exchange Market. The most important changes brought by it include:
 - Foreign currencies traded at exchange rates freely negotiated between market agents;
 - End of the limit for the long foreign exchange position and increased limit for the short foreign exchange position;
 - Elimination of the transfer and coverage system; and
 - BCB became able to conduct foreign exchange purchase and sale operations in the interbank market for settlement in the second business day.
- Main operations: foreign trade foreign exchange contracting (exports and imports), main capital transactions (direct and stock exchange investments, loans, etc.), and payments and receipts of the main service items. Foreign exchange operations of domestic public law legal entities, despite the nature of the negotiation, should also be recorded in this segment.

(4) Free Floating Foreign Exchange Rate Regime

- Effective implementation of the free floating foreign exchange rate regime in 1999. Up to then, though there were two foreign exchange markets where the rates were freely negotiated, the Monetary Authority intervened indirectly in the foreign exchange final rate.

The 2000's

(5) Foreign Exchange Market Unification – Resolution Nr. 3,265, of 2005

- All operations became allowed, except investments abroad in capital and derivatives markets by natural persons and legal entities, and any investment abroad made by institutions authorized to operate by the BCB and funds of any nature. Formerly, it was allowed only the direct course in the banking network of operations previously regulated.
- Issuance of International Capital and Foreign Exchange Market Regulation (RMCCI).
- Freedom to purchase and sale foreign currency.
- BCB ceases to specify documents.
- Significant cost reduction and simplification of routines and procedures.
- New rules for Brazilian exports, with the possibility of the exporter to keep foreign currency abroad for up to 210 days after the shipping of the merchandise.

(6) Law Nr. 11,371, of 2006 (conversion into Law of Provisional Measure Nr. 315, of 2006)

- The National Monetary Council began to hold the power to allow all or part of export proceeds to be kept abroad. Previously, it was required repatriation of 100% of export proceeds, according to Decree Nr. 23,258, of 1933. With Resolution CMN Nr. 3,389, of 2006, exporters were allowed to keep up to 30% of export proceeds abroad. The remaining 70% may be used in simplified foreign exchange operations, operations of purchase and sale of foreign currency without sending or receiving a payment order.
- Link of foreign exchange contracts with endorsed orders no longer required. Previously, it was required the individualized linking of the exchange contracts to the endorsed orders, as a proof of export proceeds repatriation.
- Export controls by the BCB and lack of repatriation of export proceeds as evidence of tax evasion, cease to exist. Any lack of compliance related to inflow of foreign currency became treated by the Federal Revenue Service as tax offense.

(7) Resolution Nr. 3,412, of September 27, 2006

- End of restrictions for investment abroad, in the capital and derivative markets, by natural persons or legal entities. Investments in the interest of financial institutions and funds of any nature remain under regulations issued by the BCB and the Brazilian Securities and Exchange Commission, within the jurisdiction of each agency.

(8) Resolution Nr. 3,548, of March 12, 2008

- Allowed exporters to maintain abroad 100% of the revenues obtained with their exports.

(9) Resolution Nr. 3,568, of May 29, 2008

- First provisions on hiring correspondents for transactions in the foreign exchange market.
- Permission for banks authorized to operate in the exchange market in Brazil receiving and delivering, in contrast to the settlement of the transaction, reals in cash.
- For transactions up to US\$3,000, or its equivalent in other currencies, it became not required the presentation of the documentation related to the underlying business, maintained the requirement for identification of the client for any value. It was also allowed to the BCB to define simplified forms of record for transactions of this nature.
- Increase of the limits of operations performed by credit companies, finance and investment companies, securities brokerage firms, securities distributors firms, exchange operations brokerage: Foreign exchange transactions became allowed to be freely canceled by agreement between the parties or written off of the foreign exchange position, regardless of its value or classification .
- Exchange operations came to be freely canceled by agreement between the parties or canceled from the exchange position (written-off foreign exchange contract) of the institutions authorized to operate in the exchange market, regardless of its value and nature.

(10) Law 11,803, of November 5th, 2008

- Allowed banks authorized to operate in the exchange market to comply with payment orders received from abroad in reals, through the use of real resources available in the deposit accounts of banks domiciled or headquartered abroad. The transfers to abroad, from the national territory, continue to be held only by the parties directly in the network allowed to operate in the foreign exchange market, remittances through financial institutions from abroad are not allowed.
- Allowed BCB to maintain deposit accounts in reals held by central banks and institutions from abroad, internationally accredited, that provides clearing services, settlement and custody in the international market, which are of fundamental importance to the process of internationalization of the Brazilian currency.

The 2010's

(11) Circulars 3,545, of July 4th, 2011 and 3,591, of May 2nd, 2012

- Use of messaging for communication between the financial institutions and the BCB. The information transmitted follow the models published in National Financial System Service Catalog, which contains the instructions for message preparing and formatting, as well as validation and workflows related to messages reception, processing and criticizing.
- Unification of the models of contract bonding institutions and their clients, and the revocation of the need of formalization of the contracts between financial institutions.
- Foreign exchange contracts shall no longer be stored, but only recorded in the BCB.

(12) Resolution Nr. 4, 021, of September 29, 2011

- Obliges the institutions to inform the Total Effective Value (VEI) to their customers before entering into a foreign exchange contract.

(13) Resolution Nr. 4,051, of January 26th, 2012

Modified the rules of the participation of securities and stocks brokerage and dealers societies in the exchange market, seeking to foster more competition in this market through reducing transaction costs, especially for smaller values of transactions, usually of interest to small and medium enterprises. Previously, the limit for these institutions was of USD 50,000 for foreign exchange operations of exports and imports and those related transfers to and from abroad, of financial nature, not subject or linked to registration with the BCB. With the approval of this resolution, brokers and dealers were able to conduct any foreign exchange transactions with clients, regardless of the classification, provided that they are for immediate settlement and limited to USD 100,000 per operation, including those related to international capital subjected to registration with the BCB.

(14) Resolution Nr. 4,113, of July 26th, 2012

- Exemption from keeping hard copies of customer identification documents specified in the foreign exchange transactions.
- Provides the use of vending machines for foreign exchange transactions.

(15) Resolution Nr. 4,198, of March 15th, 2013

- Institutions authorized to operate in the exchange market are obliged to inform their customers the VET for transactions up to USD 100,000.00, or its equivalent in other currencies.
- These institutions should inform the VET to BCB in the forms and conditions laid down by it.

(16) Resolution Nr. 4,202, of March 28th, 2013

- Regulated the opening and maintenance of BRL deposit accounts by foreign central banks on BCB, in order to contract local currency swaps.
- Only foreign central banks with which the BCB enters into local currencies swap agreements will be able to open and maintain BRL deposit accounts.
- The funds kept in such accounts should be used exclusively for currency swap execution.
- The funds deposited on these BRL deposit accounts shall not yield interest.
- BCB is not allowed to use such accounts to grant credit to the foreign bank central part in the swap contract.

(17) Circular Nr. 3,688, Nr. 3,689, Nr. 3,690 and Nr. 3,691, all of December 16th, 2013

Replaced the Regulation of Foreign Exchange and International Capital Markets (RMCCI). Main changes:

- Foreign Trade: removed redundant commands and eliminated mentions of systems and documents managed by other government agencies.
- Automatic foreign exchange transactions settlement: extended to all purchases and sales of foreign currency contracted with customers for immediate settlement of any nature, not subject or linked to registration with the BCB and with only one payer/receiver abroad.
- International postal transfers: began to follow the commands applied to other foreign exchange market operations. Such operations have to be contracted for immediate settlement, not subject or linked to registration with the BCB, with value limited to the equivalent of USD 50,000 per operation. It was also required the delivery of operation receipt to the customer.
- Deadline for settlement of foreign exchange transactions related to investment on variable income securities that are subject to registration with the BCB: set to 360 days, to become comparable to the other financial operations.
- CCR: the provisions of that agreement start to be defined on separate documents (other than the foreign exchange market ones), such as the Circular that deals with the SML.

(18) Resolution Nr. 4,319, of March 27th, 2014

- Simplification of rules on international transfers with BRL deposit accounts owned by international organizations accredited by the Brazilian government, domiciled or headquartered abroad.
- The resources credited to such accounts because of authorized funding in the Brazilian securities market should be directed to the granting of credit to the private sector or the conduct of investment in corporate bonds in the country.

(19) Resolution Nr. 4,373 of September 29th, 2014, and Circular Nr. 3,752, of March 27th, 2015

- Gathered provisions relating to investments in portfolio from investors living abroad, simplified procedures and gave clarity to existing rules, reducing compliance costs and increasing legal certainty of operations.
- Regulated the non-resident investor in Brazil in the financial and capital markets in the country, including those carried out by means of Depositary Receipts (DR).
- Enabled investment applications in national currency with funds kept on BRL account held by non-resident investor in Brazil or through money order in BRL coming from abroad. The same as in foreign direct investments and external credit operations.
- Allowed the DR to be backed not only by shares but also by any securities issued by Brazilian companies and, for the financial institutions and other publicly traded entities authorized to operate by the BCB, also in debt securities eligible composing its Regulatory Capital.

(20) Circular Nr. 3,750, of March 11th, 2015

- Enabled the use of messaging system for transmission of information related to BRL deposit accounts held by non-residents to BCB.