

Money Laundering



B r a z i l i a n L a w



Brazilian Mercantile & Futures Exchange



COAF
Council for Financial
Activities Control

Money Laundering

Brazilian Law



Brazilian Mercantile & Futures Exchange



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FOREWORD

From its very beginning, BM&F has sponsored the dissemination of studies, texts and books of public interest, through both the printed page and the electronic format.

This book provides a compilation of all the Brazilian legislation related to the issue of money laundering. BM&F also maintains a continually updated version of this legislation in both Portuguese and English on its Web site (www.bmf.com.br). Everyone who in one way or another interacts with the financial and capital markets, should carefully read this set of rules and regulations.

The Bank for International Settlements (BIS) estimates that approximately 100 trillion dollars are currently traded in over-the-counter (OTC) and exchange-traded derivatives around the world. The volume of exchange-traded derivatives is smaller, yet the exchanges generally provide a higher level of transparency due to their public governance and their self-regulation.

In view of the high notional value of contracts, it is only natural that market agents are constantly looking for new types of transactions. Their purpose is to maximize results, reduce costs, and provide customers with a healthy return on their investments.

In this context, increased importance is given to self-regulation. The attempt to create an all-encompassing legislation, which pretentiously tries to anticipate every possible situation, would render these markets inefficient, benefiting the very sectors that act with less transparency. And with globalization, we would also be exporting our markets and subordinating the transactions based in Brazil to foreign regulatory spheres.

We believe that the sponsorship of this publication is in line with BM&F's duty to provide essential information not only for its internal control and self-regulatory areas, but also for its members, which are the natural entranceways for customers, who in turn are the driving force behind the transactions.

We have no doubt that the compliance with the law is a fundamental factor for the promotion of market growth under stable conditions, the elongation of maturities, and the increase of volumes, enabling Brazil to maintain an important service industry sector of high international standards within its borders.

Manoel Felix Cintra Neto
Chairman of the Board of Governors
Brazilian Mercantile & Futures Exchange (BM&F)

INTRODUCTION

Illegal activities are currently a central matter of concern throughout the world. Some criminal offenses, once restricted to certain regions, have now gained transnational dimensions, causing worldwide damages. Money laundering is included in this category. The only way to combat the harmful effects of these crimes is to foster effective international cooperation.

In view of the scope of the problem, some international entities started to stimulate the adoption of more effective measures to address this issue. The first step was to promote a joint effort by several countries to coordinate and implement domestic policies to combat these criminal activities in order to assure the stability of financial systems, and to protect the governments from the enormous corruption potential that money launderers represent.

No country is immune to the damages caused by money laundering. Effective means of hindering this criminal practice include undermining the financial scheme that supports it or preventing organized crime from having access to capitalist instruments that maintain its illegal activities.

However, any action to combat money laundering will demand the enactment of very rigid legislation in the matter, intense and persistent cooperation among governmental agencies and entities, and active participation of society.

As part of the international commitments assumed upon signing the Vienna Convention (1988), Brazil enacted the Federal Law No. 9613, of March 3, 1998, which addresses the crimes of money laundering or concealment of assets, rights, and valuables, the measures designed to prevent the misuse of the financial system for illicit actions, and creates the Council for Financial Activities Control (COAF).

COAF is under the jurisdiction of the Ministry of Finance, and its purposes are to coordinate the adoption of cooperation and information exchange systems. All the measures taken by COAF are designed to bring about a rapid and efficient response in the struggle against money laundering. Its purposes include: to gather information on, examine, and identify any activity which raises suspicion of criminal offenses; to notify the competent authorities whenever it finds evidence of such crimes or any other illicit activity, so as to enable them to take the adequate measures; and to discipline and apply administrative sanctions.

The work developed by COAF has made it possible that the first steps be taken towards the creation of an efficient system to combat money-laundering activities in Brazil. Nevertheless, there is still an enormous undertaking ahead of us.

This publication gathers all Brazilian anti-money laundering legislation, and it presents the regulatory mechanisms currently in force in Brazil.

Adrienne Giannetti Nelson de Senna
Chairwoman of the Council for Financial Activities Control

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LAW No. 9613, OF MARCH 3, 1998

This law addresses the crimes of money laundering or concealment of assets, rights, and valuables, the measures designed to prevent the misuse of the financial system for illicit actions as described in this law, creates the Council for Financial Activities Control (COAF), and addresses other matters.

THE PRESIDENT OF THE REPUBLIC

I hereby state that the National Congress has decreed and I sign the following Law:

CHAPTER I CRIMES OF MONEY LAUNDERING OR CONCEALMENT OF ASSETS, RIGHTS, AND VALUABLES

Article 1 To conceal or disguise the true nature, origin, location, disposition, movement, or ownership of assets, rights and valuables that result directly or indirectly from the following crimes:

- I. Illicit trafficking in narcotic substances or similar drugs;
- II. Terrorism;
- III. Smuggling or trafficking in weapons, munitions or materials used for their production;
- IV. Extortion through kidnapping;
- V. Acts against the public administration, including direct or indirect demands of benefits on behalf of oneself or others, as a condition or price for the performance or the omission of any administrative act;
- VI. Acts against the Brazilian financial system;

VII. Acts committed by a criminal organization.

Sentence: incarceration⁽¹⁾ for a period of 3 (three) to 10 (ten) years and a fine.

Paragraph 1 The same punishment shall apply to anyone who, in order to conceal or disguise the use of the assets, rights and valuables resulting from the crimes set forth in this article:

- I. Converts them into licit assets;
- II. Acquires, receives, exchanges, trades, gives or receives as guarantee, keeps, stores, moves, or transfers any such assets, rights and valuables;
- III. Imports or exports goods at prices that do not correspond to their true value;

Paragraph 2 The same penalty also applies to anyone who:

- I. Through economic or financial activity, makes use of any assets, rights and valuables that he/she knows are derived from the crimes referred to in this article;
- II. Knowingly takes part in any group, association, or office set up for the principal or secondary purpose of committing crimes referred to in this Law.

Paragraph 3 The attempts to commit any of the crimes referred to in this Law are punishable in accordance with the provisions set forth in article 14, sole paragraph, of the Criminal Code.

Paragraph 4 The sentence shall be increased by one to two-thirds, in any of the instances contemplated in items I to VI of this article when the crime follows a constant pattern or is committed by a criminal organization.

Paragraph 5 In the event that the accused or his/her accomplice freely agrees to cooperate with the authorities by providing information that lead to the detection of a crime and the identification of those responsible for it, or to the discovery of assets, rights and valuables that were the object of the crime,

the sentence may be reduced by one or two-thirds. The accused may also be allowed to start serving time in an open system of imprisonment⁽²⁾. The judge may also decide whether to apply the penalty or substitute it for the restriction of rights.

CHAPTER II

SPECIAL PROCEDURAL PROVISIONS

Article 2 The judicial proceedings and sentencing of the crimes referred to in this Law:

- I. Shall be subject to the same provisions that apply to crimes punishable by extended incarceration, and that are under the jurisdiction of an order court;
- II. Are not dependent on the judicial proceedings and sentencing applicable to prior crimes referred to in the previous article, even if these crimes were committed abroad;
- III. Shall be subject to federal court jurisdiction in the following instances:
 - a) In the event of crimes against the financial system and the economic-financial order or detrimental to assets, services or interests of the Union or any of its autarchic entities or government companies⁽³⁾;
 - b) In the event the prior crime is subject to federal court jurisdiction.

Paragraph 1 The charge shall include sufficient indications of the existence of the prior crime. The criminal acts referred to in this Law shall be punishable even when the offender in the prior crime is unknown or exempt from punishment.

Paragraph 2 The provisions of section 366 of the Criminal Procedure Code shall not apply to the judicial process pertaining to the crimes referred to in this Law.

Article 3 The crimes referred to in this Law shall not be subject to bail or temporary release, and, in the event of a conviction, the judge shall accordingly decide if the defendant may be released pending appeal.

Article 4 During investigations or judicial proceedings, upon request made by the prosecutor or the competent police authority, after consulting the prosecutor within twenty-four hours, and with sufficient evidence, the judge may order the seizure or detention of assets, rights and valuables that constitute the object of the crimes referred to in this Law, and which belong to the defendant or are registered under his/her name. This process shall take place in the form prescribed in articles 125 to 144 of Decree-Law No. 3689 of October 3, 1941 – Criminal Procedure Code.

Paragraph 1 The provisional measures referred to in this article shall be suspended if the criminal lawsuit is not initiated within 120 (one hundred and twenty) days, beginning on the date the judicial proceedings are concluded.

Paragraph 2 The judge shall order the liberation of seized or detained assets, rights and valuables after the legality of their origin has been established.

Paragraph 3 No request for the liberation of any assets, rights, and valuables shall be accepted without the presence of the accused. The judge may order that action be taken in order to preserve any assets, rights or valuables in the instances referred to in article 366 of the Criminal Procedure Code.

Paragraph 4 In the event that the immediate implementation of the preventive measures referred to herein may compromise the investigations, the judge—upon consultation with the prosecutor—may issue an order suspending an arrest warrant or the seizure or detention of assets, rights or valuables.

Article 5 Whenever the circumstances justify it, the judge, upon consultation with the prosecutor, shall appoint a trustee—a person qualified to manage the assets, rights or valuables that were seized or detained—who shall execute a deed of undertaking ⁽⁴⁾.

Article 6 The trustee:

- I. Shall be entitled to receive remuneration for his services, which shall be paid with proceeds of the assets under his/her management;

- II. Acting in response to a court order, shall provide periodic information on the status of the assets under his/her management as well as explanations and details about investment and reinvestment operations he/she may have executed;

Sole paragraph The actions pertaining to the management of the assets seized or detained shall be reported to the prosecutor, who may file in any motion he/she deems appropriate.

CHAPTER III THE EFFECTS OF A GUILTY VERDICT

Article 7 In addition to the provisions set forth in the Criminal Code, a guilty sentence entails the following:

- I. The forfeiture, in favor of the Union, of any assets, rights and valuables resulting from any of the crimes referred to in this Law, due provision being made for safeguarding the rights of a victim or a third party in good faith;
- II. The suspension of the right to hold positions of any nature in the public service, positions as directors, members of management councils⁽⁵⁾ or managers of any of the legal entities referred to in article 9, for a period equal to double the imprisonment term stipulated by the judicial sentence;

CHAPTER IV ASSETS, RIGHTS OR VALUABLES RESULTING FROM CRIMES COMMITTED ABROAD

Article 8 If there is an international treaty or convention dealing with the matters referred to in this Law and upon request of a competent foreign authority, the judge shall order the seizure or detention of assets, rights and valuables resulting from the crimes committed abroad referred to in article 1.

Paragraph 1 These provisions shall also apply, regardless of the existence of an international treaty or convention, provided the government of the foreign country in question undertakes to grant reciprocity of treatment to Brazil.

Paragraph 2 In the absence of an international treaty or convention, the assets, rights or valuables seized or detained upon request of a competent foreign authority or the proceeds resulting from their detention shall be evenly divided between the Country that makes the request and Brazil, safeguarding the rights of victims or third parties in good faith.

CHAPTER V

LEGAL ENTITIES SUBJECT TO THIS LAW

Article 9 The obligations set forth in articles 10 and 11 hereof shall apply to any legal entity that engages on a permanent or temporary basis, as a principal or secondary activity, together or separately, in any of the following activities:

- I. The reception, brokerage, and investment of third parties' funds in Brazilian or foreign currency;
- II. The purchase and sale of foreign currency or gold as a financial asset;
- III. The custody, issuance, distribution, clearing, negotiation, brokerage or management of securities;

Sole paragraph The same obligations shall apply to the following:

- I. Stock, commodities, and futures exchanges;
- II. Insurance companies, insurance brokers, and institutions involved with private pension plans or social security;
- III. Payment or credit card administrators and *consórcios* (consumer funds commonly held and managed for the acquisition of consumer goods);
- IV. Administrators or companies that use cards or any other electronic, magnetic or similar means, that allow fund transfers;
- V. Companies that engage in leasing and factoring activities;

- VI. Companies that distribute any kind of property (including cash, real estate, and goods) or services, or give discounts for the acquisition of such property or services by means of lotteries or similar methods;
- VII. Branches or representatives of foreign entities that engage in any of the activities referred to in this article, which take place in Brazil, even if occasionally;
- VIII. All other legal entities engaged in the performance of activities that are dependent upon an authorization from the agencies that regulate the stock, exchange, financial, and insurance markets;
- IX. Any and all Brazilian or foreign individuals or entities, which operate in Brazil in the capacity of agents, managers, representatives or proxies, commission agents, or represent in any other way the interests of foreign legal entities that engage in any of the activities referred to in this article;
- X. Legal entities that engage in activities pertaining to real estate, including the promotion, purchase and sale of properties;
- XI. Individuals or legal entities that engage in the commerce of jewelry, precious stones and metals, works of art, and antiques.

CHAPTER VI

CUSTOMER IDENTIFICATION AND RECORD KEEPING

Article 10 The legal entities referred to in article 9 hereof shall:

- I. Identify their customers and maintain updated records in compliance with the provisions set forth by the competent authorities;
- II. Keep up-to-date records of all transactions, in Brazilian and foreign currency, involving securities, bonds, credit instruments, metals, or any asset that may be converted

into cash that exceed the amount set forth by the competent authorities, and which shall be in accordance with the instructions issued by these authorities;

- III. Comply with the instructions issued by the Council established under article 14 hereof, within the time limit stipulated by the competent judicial authority. The judicial proceedings pertaining to such matters shall be conducted in a confidential manner.

Paragraph 1 If the customer is a legal entity, the identification mentioned in item I of this article shall include the individuals who are legally authorized to represent it, as well as its owners.

Paragraph 2 The records mentioned in items I and II of this article shall be kept during a minimum period of five years, beginning on the date the account is closed or the date the transaction is concluded. However, the competent authorities may decide, at their own discretion, to extend this period .

Paragraph 3 The records mentioned in item II of this article shall also be made whenever an individual or legal entity, or their associates execute, during the same calendar month, transactions with the same individual, legal entity, conglomerate or group that exceed, in the aggregate, the limits set forth by the competent authorities.

CHAPTER VII

REPORTS OF FINANCIAL TRANSACTIONS

Article 11 The legal entities referred to in article 9 hereof:

- I. Shall pay special attention to any transaction that, in view of the provisions set forth by the competent authorities, may represent serious indications of or be related to the crimes referred to in this law;
- II. Shall report to the competent authorities, within twenty-four hours, abstaining from informing their customers of this reporting:

- a) Any and all transactions listed in item II of article 10 that involve an amount that exceeds the limits, terms, and conditions set forth by the competent authorities for this purpose;
- b) The proposal or the execution of a transaction referred to in item I of this article.

Paragraph 1 The competent authorities referred to in item I hereof shall establish a list of transactions that could characterize the kind of operations mentioned herein, in regard to their basic features, the parties and amounts involved, the implementation, the means of execution, or the lack of economic or legal grounds for them.

Paragraph 2 Information provided in good faith, pursuant to the provisions set forth in this article, shall not generate any civil or administrative liability.

Paragraph 3 If The individuals or legal entities that are not subject to any specific monitoring or regulatory agency shall provide the information referred to in this article to the Council for Financial Activities Control (COAF), in the form prescribed by the Council.

CHAPTER VIII ADMINISTRATIVE LIABILITY

Article 12 The legal entities referred to in article 9 as well as their managers that fail to comply with the provisions set forth in articles 10 and 11 shall be subject to the sanctions defined below. Therefore, the competent authorities shall apply, together or separately, the following sanctions:

- I. A warning;
- II. A variable monetary fine, ranging from one percent of to double the amount of the transaction; up to two hundred percent of the profits indeed or presumably obtained as a result of the transaction; or up to R\$200,000.00 (two hundred thousand Reals);

- III. A temporary prohibition for up to 10 (ten) years on holding any management position the legal entities referred to in the sole paragraph in article 9;
- IV. The cancellation of the authorization to operate;

Paragraph 1 The warning sanction shall be applied for failure to comply with the provisions set forth in items I and II of article 10.

Paragraph 2 A fine shall be applied whenever any of the legal entities mentioned in article 9, acting negligently or harmfully:

- I. Fails to correct the irregularities which provoked the warning, within the time limit set forth by the competent authorities;
- II. Fails to carry out the identification or the record keeping referred to in items I and II of article 10;
- III. Fails to comply, within the stipulated time limit, with the requirements set forth in item III of article 10;
- IV. Disregards the prohibition or fails to provide the reports referred to in article 11.

Paragraph 3 The penalty of temporary suspension of activities shall be applied to those responsible for serious violations of the provisions of this Law or whenever there is evidence of the recurrence of the offenses that were previously punished with fines.

Paragraph 4 The penalty of cancellation of the authorization to operate shall be applied in instances of specific recurrence of the offenses that were previously punished with the penalty set forth in item III of this article.

Article 13 The application of the sanctions set forth in this Chapter shall be regulated by a decree that shall ensure the right of rebuttal and ample rights of defense to the parties concerned.

CHAPTER IX

COUNCIL FOR FINANCIAL ACTIVITIES CONTROL

- Article 14 This law creates the Council for Financial Activities Control (COAF), under the jurisdiction of the Ministry of Finance, for the purpose of regulating, applying administrative sanctions, receiving pertinent information, examining and identifying any suspicious occurrence of the illicit activities defined in this Law. The actions of COAF shall not conflict with the jurisdiction of other agencies.
- Paragraph 1 COAF shall issue the instructions set forth in article 10 for the legal entities specified in article 9 which are not subject to any specific monitoring or regulatory agency. In these cases, COAF shall also define the entities included in this category and apply the sanctions set forth in article 12.
- Paragraph 2 COAF shall also coordinate and suggest systems of cooperation and exchange of information designed to enable rapid and efficient responses in the struggle against the practice of concealment or disguise of assets, rights and valuables.
- Article 15 COAF shall notify the competent authorities whenever it finds evidence of the crimes defined in this Law or of any other illicit activity, so as to enable such authorities to take the appropriate legal measures.
- Article 16 The members of COAF shall be civil servants of outstanding reputation and capability, named by an act of the Minister of Finance and chosen among the career personnel of the Central Bank of Brazil, the Securities and Exchange Commission, the Superintendence of Private Insurance, the General Attorney Office for the National Treasury, the Federal Revenue Office, the Brazilian Agency of Intelligence, the Federal Police Department, and the Ministry of Foreign Affairs. The members from the last three entities shall be nominated by the respective Ministers.
- Paragraph 1 The Chairperson of the Council shall be appointed by the President of the Republic, acting on a recommendation of the Minister of Finance.

Paragraph 2 The decisions of COAF regarding the application of administrative sanctions may be appealed to the Minister of Finance.

Article 17 COAF's internal organization and mode of operation shall be set forth in its bylaws which shall be approved by a decree of the Executive Branch of Government.

Article 18 This Law shall come into force on the date of its publication.

Brasilia, March 3, 1998, the 177th year of Independence and the 110th year of the Republic.

NOTES:

- (1) Trans. & Explanatory Note: The original text refers to a sentence of "reclusão" (reclusion) which, under the Brazilian Penal Code, (Decree-Law No. 2848 of December 7, 1940), corresponds to a harsher form of imprisonment, involving some form of solitary confinement for a minimum period of time and limitation of the right of parole. It differs from the sentence of "detenção", which designates a less rigorous form of incarceration, which involves no solitary confinement.
- (2) Trans. & Explanatory Note: An "open system of imprisonment" is one that, under certain conditions, may be converted into a restriction of rights, which may involve features of US systems such as work release and community service.
- (3) Under Brazilian law, in addition to agencies and government institutions, there are three distinct types of entities controlled by the State, which enjoy a greater or lesser degree of administrative autonomy, as follows: autarchical entities, public companies, and mixed-economy companies. Autarchical entities (from the "Greek autárkeia")—the condition of self-sufficiency, especially economic, as applied to a state..." Webster's Encyclopaedic Unabridged Dictionary of the English Language (Portland House- New York) 1989 Ed.)—are those which have the power of raising revenues through fees charged to the public. As such, they are not exclusively dependent on fund allocations in the federal budget for funding their operations. There are federal, state, and municipal "autarquias". A typical example is the social security entity. Public companies are those which operate in the private sector, just as any private concern, but whose shares are wholly owned by the state. A good example is INFRAERO, the company that operates the country's major airports. Mixed-economy companies differ from public companies in that they have private shareholders, in addition to the government. Petrobrás, the Brazilian oil company, is a prime example of a federal mixed-economy company.

- (4) The original expression translated here as “ deed of undertaking” is “ termo de compromisso” , which is a signed document someone entrusted with the performance of a job or a task formally accepts such obligation, promises to perform it in accordance with a predetermined set of instructions, and agrees to be penalised or held accountable for failure to conduct himself in the manner set forth in that document. It is the equivalent of an oath of office.
- (5) “ Management Council” is used as a translation of the Portuguese original term “ Conselho de Administração” , which, pursuant to the corporation law, is the highest management board in a Brazilian corporation. The expression Management Board was avoided because many local companies have both a “ Management Board” (called “ Diretoria Executiva” , or simply “ Diretoria”) and a higher board, known as “ Conselho de Administração” , which is the term used here.

COMPLEMENTARY LAW No. 105, OF JANUARY 10, 2001.

This law addresses the confidentiality of transactions performed by financial institutions and other matters.

THE PRESIDENT OF THE REPUBLIC

I hereby state that the National Congress has decreed and I sign the following Complementary Law:

Article 1. The financial institutions shall keep the confidentiality of their active and passive transactions and services rendered.

Paragraph 1. For the purposes of this Complementary Law, financial institutions are the following:

- I. banks of any kind;
- II. securities dealers;
- III. foreign currency and securities brokerage houses;
- IV. credit, financing, and investment companies;
- V. real estate financing companies;
- VI. credit card administrators;
- VII. leasing companies;
- VIII. organized over-the-counter markets;
- IX. cooperative credit entities;
- X. savings and loans associations;
- XI. stock, commodities, and futures exchanges;
- XII. settlement and clearing entities;
- XIII. other entities that due to the nature of their operations might be included in this list by the National Monetary Council.

Paragraph 2. For the purposes of this Complementary Law, the factoring companies shall comply with the regulations applicable to financial institutions set forth in Paragraph 1.

Paragraph 3. The actions listed below shall not be considered a violation of the duty of confidentiality:

- I. the exchange of information between financial

institutions for record purposes, including the exchange made through risk centers in compliance with the rules and regulations issued by the National Monetary Council and the Central Bank of Brazil;

- II. the provision of information contained in the records of bad check writers and defaulters to credit protection entities in compliance with the rules and regulations issued by the National Monetary Council and the Central Bank of Brazil;
- III. the provision of information referred to in Paragraph 2 of article 11 of Law No. 9311, of October 24, 1996;
- IV. the reporting of illicit activities to the competent authorities, including information on transactions that involve funds deriving from criminal activities;
- V. the disclosure of confidential information with the express consent of those concerned;
- VI. the provision of information as set forth in articles 2,3,4,5,6,7, and 9 of this Complementary Law.

Paragraph 4. The breach of confidentiality may be ordered, when it is necessary to verify the occurrence of any illicit activity, in any stage of investigations or legal proceedings, and especially in the case of the following crimes:

- I. terrorism;
- II. illicit trafficking in narcotic substances or similar drugs;
- III. smuggling or trafficking in weapons, munitions, or materials used for their production;
- IV. extortion through kidnapping;
- V. acts against the Brazilian financial system;
- VI. acts against the Public Administration;
- VII. acts against the fiscal and social security order;
- VIII. money laundering or concealment of assets, rights, and valuables;
- IX. acts committed by a criminal organization.

Article 2. The duty of confidentiality also applies to the Central Bank of Brazil in regard of the transactions it performs and the information it receives in the fulfillment of its duties.

Paragraph 1. Confidentiality in regard of deposit accounts and investments

kept in financial institutions cannot be denied to the Central Bank of Brazil:

- I. when the Central Bank is fulfilling its surveillance duties, including the verification at any time of illicit activities practiced by comptrollers, managers, members of the boards, agents, and proxies of financial institutions;
- II. when the Central Bank is carrying out investigations on a financial institution subject to a special regime.

Paragraph 2. The committees charged with the investigations mentioned in item II of paragraph 1 shall be entitled to examine all the documents concerning assets, rights, and obligations of financial institutions, their comptrollers, managers, members of the boards, agents and proxies, including information on current accounts and transactions with other financial institutions.

Paragraph 3. The provisions in this article apply to the Securities and Exchange Commission (CVM), in regard of surveillance of transactions and services performed in securities markets, including the financial institutions that are open companies.

Paragraph 4. The Central Bank of Brazil and the Securities and Exchange Commission, within their respective jurisdiction, may sign cooperative agreements:

- I. with other public institutions that regulate financial institutions in order to carry out combined surveillance, respecting their respective jurisdiction;
- II. with central banks or regulatory entities from other countries, in order to:
 - a) monitor agencies and branches of foreign financial institutions operating in Brazil and agencies and branches of Brazilian financial institutions which are located abroad;
 - b) mutually cooperate and exchange information for the investigation of activities or transactions that involve investment, negotiation, concealment, or transfer of financial assets and securities related to the practice of illicit activities.

- Paragraph 5. The duty of confidentiality referred to in this Complementary Law also applies to the surveillance entities mentioned in Paragraph 4 and their agents.
- Paragraph 6. The Central Bank of Brazil, the Securities and Exchange Commission, and other surveillance entities, within their respective jurisdiction and for the purposes defined in article 14 of Law No. 9613, of March 3, 1998, shall provide to the Council for Financial Activities Control (COAF) the identification information and the cash transfer reports concerning the transactions referred to in item I of article 11 of that same Law.
- Article 3. The Central Bank of Brazil, the Securities and Exchange Commission and financial institutions shall provide the information required by Court Order, preserving their confidential character by restricting access to the parties involved that shall not be allowed to use such information for purposes other than those pertaining to the investigation.
- Paragraph 1. The provision of information and confidential documents requested by an administrative investigation committee designed to verify the responsibility of a public servant for a violation made in the fulfillment of his/her duties or which is related to the duties of the position he/she holds shall require prior judicial authorization.
- Paragraph 2. In the cases mentioned in Paragraph 1, the requests for the breach of confidentiality does not require that judicial proceedings have been previously initiated.
- Paragraph 3. In addition to the cases defined in this article, the Central Bank of Brazil and the Securities and Exchange Commission will provide the General-Attorney Office with the necessary information and documents for the Government's defense in proceedings in which the Government is one of the parties.
- Article 4. Within their respective jurisdiction, the Central Bank of Brazil and the Securities and Exchange Commission, and the financial institutions shall provide the Federal Legislative Branch with the confidential information and documents that are undoubtedly

necessary for the fulfillment of their respective constitutional and legal duties.

Paragraph 1. The parliamentary inquiry commissions (CPI) in the fulfillment of their constitutional and legal duties of broad investigation shall obtain the necessary confidential information and documents directly from the financial institutions or through the Central Bank of Brazil or the Securities and Exchange Commission.

Paragraph 2. The information requests referred to in this article shall be subject to prior approval by the plenary meeting of the House of Representatives, of the Senate, or of their respective parliamentary inquiry commissions.

Article 5. The Executive Branch of Administration shall regulate the criteria (including the periodicity and amount limits to be reported) that the financial institutions shall follow to inform to the federal tax administration the financial transactions performed by their customers.

Paragraph 1. For the purpose of this article, financial transactions are the following:

- I. cash and long-term deposits, including those made in savings accounts;
- II. payments made in current currency or in checks;
- III. issuance of credit orders or similar documents;
- IV. withdrawals in cash or long-term deposit accounts, including savings accounts;
- V. loan agreements;
- VI. abatement of promissory notes, debtor's obligations or any other credit instrument;
- VII. purchases and sales of fixed or variable-income securities;
- VIII. investments made in investment funds;
- IX. purchases of foreign currency;
- X. exchanges of foreign currency for Brazilian currency;
- XI. money transfers made to a recipient established abroad;
- XII. transactions of gold as a financial asset;
- XIII. transactions of credit cards;
- XIV. leasing transactions; and
- XV. any other transaction of similar nature that might be

authorized by the Central Bank of Brazil, the Securities and Exchange Commission, or another competent agency.

- Paragraph 2. The information provided in accordance with the provisions of this article shall be restricted to information related to the identification of the transaction parties and the total amounts monthly moved. It shall not be allowed to insert any element that enables to identify their origin or the nature of consequent expenses.
- Paragraph 3. The information referred to in this article does not include the financial transactions conducted by direct or indirect administrations at Federal, State, Municipal, or Federal District levels.
- Paragraph 4. After receiving the information referred to in this article, if the competent authority detects indications of lapses, mistakes, omissions or tax evasion, he/she may request other necessary information or documents and submit them to surveillance or auditing to adequately investigate the facts.
- Paragraph 5. The information referred to in this article shall be kept under fiscal confidentiality pursuant to current legislation.
- Article 6. The authorities and the tax agents of Federal, State, Municipal and Federal District administrations shall only examine documents, books and records of the financial institutions, including those relating to deposit accounts and financial investments, when administrative proceedings or tax proceedings have been initiated and said examination is considered indispensable by the competent administrative authority.
- Sole Paragraph. The results of the examination of the information and documents referred to in this article shall be kept confidential pursuant to current fiscal legislation.
- Article 7. Without prejudice to the provisions in paragraph 3 of article 2, the Securities and Exchange Commission, after an administrative investigation has been initiated, may request to the competent judicial authority the release of confidentiality in financial institutions concerning information and documents on assets,

rights, and obligations of individuals or legal entities subject to CVM's regulating jurisdiction.

Sole Paragraph. The Central Bank of Brazil and the Securities and Exchange Commission shall keep a permanent exchange of information on the results of inspections they carry out, the proceedings they initiate, or the penalties they apply, whenever this information is necessary for the fulfillment of their duties.

Article 8. The compliance with the requirements and formalities mentioned in articles 4, 6, and 7 shall be expressly declared by the competent authorities in the requests addressed to the Central Bank, the Securities and Exchange Commission, or the financial institutions.

Article 9. When the Central Bank of Brazil and the Securities and Exchange Commission, in the fulfillment of their duties, verify the occurrence or indications of a crime defined by the law as a public action, they shall report them to the Department of Justice and attach to such report the necessary documents for the verification and demonstration of the facts.

Paragraph 1. The report referred to in this article shall be made by the chairpersons of the Central Bank of Brazil and the Securities and Exchange Commission (with the possibility of delegation of powers) within no more than fifteen days beginning on the date the proceedings are received, with acknowledgement of the respective legal services.

Paragraph 2. Regardless of the provisions in this article, the Central Bank of Brazil and the Securities and Exchange Commission shall report to the competent public agencies the administrative irregularities and torts that they have knowledge or indications of their occurrence, and they shall attach to said report all the pertinent documents.

Article 10. The breach of confidentiality, except for that authorized by this Complementary Law, constitutes a crime and those responsible for it shall be subject to confinement from one to four years and a fine, and the applicable penalties prescribed

by the Penal Code, without prejudice to other applicable sanctions.

Sole Paragraph. The same penalties shall apply to those that omit, unjustifiably delay, or falsely provide the information requested pursuant to this Complementary Law.

Article 11. The civil servant that uses or enables the use of any information obtained as a result of the breach of confidentiality referred to in this Complementary Law shall be liable personally and directly for the damages that result from this breach, without prejudice to the public entity's objective responsibility, whenever it is proven that the civil servant has acted according to official orientation.

Article 12. This Complementary Law shall come into force on the date of its publication.

Article 13. This Complementary Law revokes article 38 of Law No. 4595, of December 31, 1964.

Brasília, January 10, 2001, the 180th of Independence and the 113th of the Republic.

LAW No. 7560, OF DECEMBER 19, 1986

This law creates the National Anti-Drug Fund⁽¹⁾, addresses the assets seized and acquired with proceeds of illicit drug trafficking or related activities, and other matters.

THE PRESIDENT OF THE REPUBLIC

I hereby state that the National Congress has decreed and I sign the following Law:

- Article 1 The National Anti-Drug Fund (FUNAD) is hereby created, under the jurisdiction of the Military Department of the Presidency⁽²⁾, and it shall be managed by the National Anti-Drug Department (SENAD)⁽³⁾. FUNAD's projects and budgets shall require the prior approval of the National Anti-Drug Council (CONAD).⁽³⁾⁽⁴⁾
- Article 2 FUNAD's funds shall be composed of:⁽⁴⁾
- I. Specific allocations established in the federal budget;
 - II. Donations made by Brazilian, international, and foreign organizations or entities, as well as by Brazilian or foreign individuals or legal entities;
 - III. Funds derived from the seizure of assets as set forth in article 4 of this law;
 - IV. Funds derived from fees and fines collected in the control and surveillance of drugs and controlled substances, as well as chemical products used in the production and transformation of commonly abused drugs;
 - V. Funds from other sources, including those derived from domestic and foreign financing;
 - VI. Funds derived from the legal seizure by the federal government of assets, rights, and valuables resulting from crimes of illicit trafficking in narcotic substances or related

drugs, as set forth in item I of article 1 of Law No. 9613, of March 3, 1998.⁽⁵⁾

Sole Paragraph The balances verified at the end of each fiscal year shall automatically be credited to FUNAD by transferring them to the following fiscal year.

Article 3 Donations in favor of FUNAD, made by individuals or legal entities subject to Income Tax under the current legislation, shall be tax deductible in the proportions provided by law, after CONFEN confirms the receipt of such donations.

Article 4 Any and all assets of economic value, seized in connection with narcotics trafficking or used in any way in illicit activities of producing or trading drugs of abuse, or which have been acquired with funds derived from those offenses and lost in favor of the federal government, shall constitute FUNAD's funds. However, this procedure shall respect the rights of victims or third parties in good faith and shall be executed after final judicial or administrative decision.

Sole Paragraph The goods referred to in article 30 of Decree-Law No. 1455, of April 7, 1976 related to drug trafficking, after being legally seized, shall be subject to the sanctions referred to in that decree-law. The goods or the proceeds of their seizure shall then be transferred to FUNAD.

Article 5 FUNAD's funds shall be used to provide for:⁽⁴⁾

- I. Professional training programs on education, prevention, treatment, rehabilitation, restraint, control, and surveillance of drug use and trafficking;
- II. Scientific-technical drug prevention programs;
- III. Public information programs including educational and community campaigns;
- IV. Organizations that develop specific activities for the treatment and rehabilitation of drug users;
- V. Equipment and funds for activities of surveillance, control,

and repression of illicit use and trafficking of drugs and controlled substances;

- VI. The payment of contributions to which Brazil may be obliged as a member of international or regional organizations dedicated to drug issues;
- VII. The costs of its own management and those incurred to fulfill SENAD's duties;⁽⁶⁾
- VIII. The redemption of National Treasury bond certificates that might be used as collateral for the funds transferred to FUNAD's account;⁽⁵⁾
- IX. The expenses relating to the duties of and actions of the Council for Financial Activities Control (COAF) to combat crimes of money-laundering or the concealment of assets, rights, and valuables as provided by Law No. 9613/1998. This shall be subject to the limit of available funds as determined in item VI of article 2.⁽⁵⁾

Sole Paragraph. The Federal, State, and Federal District Police, which are responsible for the seizure of assets referred to in article 4, shall receive at least 20% (twenty percent) of the funds derived from the sale of those assets.⁽⁶⁾ This percentage shall be subject to a limit of 45% (forty-five percent) and future agreements.

Article 6 FUNAD shall be structured pursuant to the public accounting and auditing rules established by the Government, and its program shall be approved as set forth in Decree-Law No. 1754, of December 31, 1979.

Article 7 The Executive Branch of Government shall take the necessary measures for the enforcement of this law.

Article 8 This law shall come into force on the date of its publication.

Article 9 This law revokes any and all contrary provisions, especially paragraph 2 of article 34 of Law No. 6368, of October 21, 1976.

Brasilia, December 19, 1986, the 165th year of Independence and the 98th year of the Republic.

NOTES:

- (1) Provisional Measure No. 1909-15, of June 29, 1999 altered its name.
- (2) Provisional Measure No. 1909-15, of June 29, 1999 altered the jurisdiction of this institution.
- (3) Law No. 9649, May 27, 1998 altered this name, and the Provisional Measure No. 1.911-7, of June 29, 1999 introduced further changes.
- (4) Law No. 8764, of December 20, 1993 altered the text.
- (5) Law No. 9804, of June 30, 1999 included this item.
- (6) Law No. 9804, of June 30, 1999 altered the text.

DECREE No. 2799, OF OCTOBER 8, 1998

This decree approves the Bylaws of the Council for Financial Activities Control (COAF).

THE PRESIDENT OF THE REPUBLIC,

In the exercise of the powers conferred by article 84, items IV and VI of the Constitution,

HAS DECREED:

Article 1 The Bylaws of the Council for Financial Activities Control (COAF), created by Law No. 9613, of March 3, 1998, are hereby approved as set forth in the Annex to this Decree.

Article 2 This Decree shall come into force on the date of its publication.

Brasilia, October 8, 1998, the 177th year of Independence and the 110th year of the Republic.

Annex to the Decree No. 2799, of October 8, 1998

BYLAWS OF THE COUNCIL FOR FINANCIAL ACTIVITIES CONTROL (COAF)

CHAPTER I NATURE AND PURPOSE

Article 1 The Council for Financial Activities Control (COAF) is a collegiate decision-making body whose jurisdiction includes the whole Brazilian territory. COAF was created by Law No. 9613, of March 3, 1998, as an integral part of the Ministry of Finance, with headquarters in the Federal District. Its purpose is to discipline, apply administrative penalties, receive, examine, and identify the suspicions of illicit activities referred to in the law that created it, with no prejudice to the competence of other offices and entities.

Sole Paragraph COAF may maintain some branches, by using the infrastructure of regional units of the offices to which the Council members belong, with the purpose of providing the adequate coverage of the whole Brazilian territory.

CHAPTER II ORGANIZATION

Section I Plenary Meeting Composition

Article 2 The plenary meeting shall be presided over by the Chairperson of COAF and shall be composed of one representative of each one of the following agencies or entities:

- I. Central Bank of Brazil;
- II. Securities and Exchange Commission;
- III. Superintendence of Private Insurance (SUSEP);
- IV. General-Attorney Office for the National Treasury;

- V. Federal Revenue Office;
- VI. Intelligence Division of the Military Department of the Presidency;
- VII. Federal Police Department;
- VIII. Ministry of Foreign Relations.

Sole Paragraph The Council members shall belong to the effective staff of their respective organizations, and they shall be appointed by the Minister of Finance, who will accept in the case of items VI, VII, and VIII the indication made by the respective Ministers of State.

Article 3 The Council shall have the support of an Executive Secretariat, directed by an Executive Secretary, who shall be appointed by the Minister of Finance.

Section II

Duties of the Chairperson

Article 4 The Chairperson of COAF shall perform his/her duties in an exclusive manner, so that he/she shall be forbidden to perform other functions, except for those established by the constitution.

Paragraph 1 The office of Chairperson shall be subject, whenever applicable, to the provisions in articles 5 and 6.

Paragraph 2 The President of the Republic shall appoint the Chairperson of the Council upon indication by the Minister of Finance.

Section III

Term of Office for Council Members

Article 5 The Council Members shall serve a three-year term, but they may be reappointed.

Paragraph 1 The Council Members shall lose their offices in case of:

- I. Absolute civil incapacity;

- II. Criminal conviction resulting from final sentencing decision;
- III. Administrative improbity proven by disciplinary proceedings under the provisions of Law No. 8112, of December 11, 1990, and Law No. 8429, of June 2, 1992;
- IV. Loss of effective position in their original agencies, or retirement;
- V. Infraction to the provisions of article 6.

Paragraph 2 COAF Members shall also automatically lose their offices whenever they fail to attend three consecutive or a total of ten ordinary meetings without any justification.

Paragraph 3 Should the Council Members lose their offices or resign, a substitute shall be appointed, and he/she shall serve the regular term of office as set forth in this article.

Paragraph 4 The office of Council Members shall be exercised without prejudice to their regular duties in the original agencies to which they belong.

Section IV Restrictions

Article 6 COAF's Chairperson, Council Members, and Executive Secretariat staff shall not:

- I. Participate as comptrollers, managers, representatives or employees in legal entities with activities related to article 9 and sole paragraph of Law No. 9613/1998;
- II. Issue any opinion on matters (even if hypothetical) of their specialty, which is not part of their duties, or act as consultants of any of the legal entities referred to in the previous item;
- III. Express, by any means of communication, an opinion on any proceeding awaiting trial by the Council.

CHAPTER III JURISDICTION AND DUTIES

Section I Plenary Meeting

Article 7 COAF's plenary meeting shall:

- I. Monitor the compliance with current legislation and with the Council's Bylaws and Internal Rules and Regulations;
- II. Discipline the matter under its jurisdiction as provided by Law No. 9613/1998;
- III. Receive, examine, and identify the suspicions of illicit activities, under the provisions of article 1 of Law No. 9613/1998;
- IV. Deliberate upon infractions and apply the administrative penalties referred to in article 12 of Law No. 9613/1998, to the legal entities defined in article 9 of that Law, which are not subject to any specific surveillance or regulatory agency;
- V. Issue the instructions for the legal entities referred to in the previous item;
- VI. Elaborate the list of suspicious transactions and activities, according to the provisions of Paragraph 1 of article 11 of Law No. 9613/1998;
- VII. Coordinate and propose mechanisms of cooperation and exchange of information, which allow for fast and efficacious measures to prevent and repress the concealment or disguise of assets, rights, and valuables;
- VIII. Require information or documents from legal entities, which are not subject to any specific surveillance or regulatory agency, or through a competent agency, as the case may be;
- IX. Report to the competent authorities, whenever it verifies

the existence or grounded indication of crimes or of any other illicit activity;

- X. Express an opinion on proposals of international agreements, in matters of its jurisdiction, consulting other agencies or public entities involved with the matter, as the case may be.

Section II

Executive Secretariat

Article 8 The Executive Secretariat shall:

- I. Receive identification information and information on cash transfers considered suspicious under articles 10 and 11 of Law No. 9613/1998, provided by the institutions mentioned in article 9 of that same Law, directly or through other surveillance or regulatory agencies;
- II. Centralize the requests addressed to COAF branches;
- III. Receive reports, including anonymous ones, referring to suspicious activities;
- IV. Catalog, classify, identify, compare, and file information, reports, and data received and requested;
- V. Request information kept in data basis of public and private agencies and entities;
- VI. Analyze the reports, data, and information received and requested; elaborate and file dossiers containing the inquiries made;
- VII. Request investigations from federal agencies and entities whenever there is any indication of suspicious activities in the received or requested information, or suspicions arising from the analysis performed;
- VIII. Perform secretary functions during the Council sessions on a permanent basis;

- IX. Prepare, for the decision of the Minister of Finance, the appeals against decisions by the competent authorities referred to in the previous article;
- X. Do other duties that might be assigned by the plenary meeting or the Chairperson.

Section III **Chairperson**

Article 9 COAF's Chairperson shall:

- I. Preside over the Council's Plenary meeting with voting rights including the casting vote;
- II. Issue regulatory acts that might be necessary to improve the Council's performance;
- III. Convene meetings and organize the corresponding agenda;
- IV. Sign the official acts of COAF, as well as the plenary meetings' decisions;
- V. Order the summons of those people concerned;
- VI. Orient, coordinate, and supervise the administrative activities of the Council and Executive Secretariat;
- VII. Officially report to the competent authorities whenever the investigations show strong indications of irregularities;
- VIII. Nominate an expert to help fulfill the Council's duties, whenever the matter demands specific technical knowledge;
- IX. Invite representatives of public or private agencies or entities to participate in the meetings, without voting rights.

Section IV Council Members

Article 10 The Council Members shall:

- I. Vote on the proceedings and matters submitted to the plenary meeting;
- II. Publish and register the decisions on the proceedings in which they act as reporters;
- III. Submit to the plenary meeting the request for information and documents that concern the proceedings respecting the applicable legal confidentiality and determine the necessary actions for the fulfillment of their duties;
- IV. Do other tasks that might be assigned to them in accordance with the Council's Internal Rules and Regulations;
- V. Perform other assignments as determined by the plenary meeting or the Chairperson.

CHAPTER IV EXCHANGE OF INFORMATION

Article 11 The Central Bank of Brazil, the Securities and Exchange Commission, the Superintendence of Private Insurance, the Federal Police Department, the Intelligence Division of the Military Department of the Presidency, and other public agencies and entities which are in charge of surveillance and regulation of the persons subject to the obligations referred to in articles 10 and 11 of Law No. 9613/1998, shall provide the necessary information and collaboration for COAF and its Executive Secretariat to accomplish their mission.

Paragraph 1 The exchange of confidential information between COAF and the entities referred to above, made with judicial authorization, implies the transfer of responsibility for the preservation of confidentiality.

Paragraph 2 The requests for information referred to above shall be

addressed through specific forms, signed by the competent administrative authority, or electronically through data bases that can only be accessed by a duly accredited civil servant.

Paragraph 3 The requests for information from the entities that compose COAF and from COAF to these entities shall be responded on a priority basis.

Paragraph 4 The information requested from COAF shall be sent to the requesting party through specific forms or reports, and this shall imply the transfer of responsibility for the preservation of applicable legal confidentiality.

Paragraph 5 The entities referred to above shall establish mechanisms to make their data systems compatible for the exchange of electronic information which are not protected by legal confidentiality.

Article 12 COAF may share information with pertinent authorities of other countries and international organizations based on reciprocity or agreements.

Article 13 Whenever COAF receives requests for information concerning the crimes defined in article 1 of Law No. 9613/1998, from competent authorities or entities abroad, it shall respond or forward the requests, as the case may be, to the competent agencies, so that the necessary measures are taken for a response.

CHAPTER V ADMINISTRATIVE PROCEEDINGS

Article 14 The administrative infractions defined in Law No. 9613/1998, shall be investigated, and punished by means of administrative proceedings with the right to contest and ample defense.

Sole Paragraph The Central Bank of Brazil, the Securities and Exchange Commission, the Superintendence of Private Insurance, and other agencies or entities responsible for the application of administrative penalties defined in article 12 of Law No. 9613/1998 shall comply with the established procedures,

and, whenever applicable, with the provisions in these Bylaws.

- Article 15 COAF and the entities that monitor and regulate the persons referred to in article 9 of Law No. 9613/1998 shall be entitled to perform preliminary investigations on a reserved basis.
- Sole Paragraph In preliminary investigations, the competent authority, pursuant to the internal regulations of his/her respective agency or entity, may request explanations from individuals or legal entities directly related to the object of investigation.
- Article 16 When the preliminary investigations are concluded, the responsible authority shall propose the initiation of administrative proceedings or determine its dismissal, but submitting in this case the decision to his/her superior for review.
- Article 17 The competent authority shall initiate the administrative proceedings through an official act specifying the facts to be investigated. This shall take place within no more than 10 (ten) business days after being informed of the infraction, receiving the reports referred to in item II of article 11 of Law No. 9613/1998, or being informed of the conclusions of preliminary investigations.
- Article 18 The defendants shall be summoned to present their defense within 15 (fifteen) days. They shall present evidence in their interest, but they may present new documents at any time before the case investigation is concluded.
- Paragraph 1 The summons shall disclose the full terms of the notification that initiated the administrative proceedings.
- Paragraph 2 The defendants' summons shall be made by mail, with proof of delivery, or, if summons by mail is not possible, by public notice published only once in the Official Federal Gazette (Diário Oficial da União, D.O.U.). The time limits shall be counted either from the summons' receipt or from its publication, respectively.

Paragraph 3 The defendants may follow the administrative proceedings personally or through a legal representative, if they are legal entities, or through a lawyer legally qualified. They shall be allowed to have ample access to the proceedings, which shall remain in the premises of the agency or entity in charge of the case, and to obtain copies of the documents included in the proceedings.

Article 19 The defendants who do not present a defense after being summoned within the stipulated time referred to in the previous article shall be deemed non-compliant and they shall be considered guilty of the issues in question and subject to the other time limits, regardless whether another summons is made.

Sole Paragraph The non-compliant defendants may intervene in any phase of the proceedings, but with no rights to the repetition of any act already performed.

Article 20 After the deadline established for the presentation of defense, the authority responsible for the proceedings may order investigations and the collection of relevant evidence. He/she may also request from the defendants new information, explanations, or documents, to be presented within the time established by the requesting authority, by keeping legal confidentiality whenever necessary.

Article 21 The decision shall be disclosed within no more than 60 (sixty) days after the case investigation is finished.

Article 22 The agencies and entities responsible for the application of administrative penalties referred to in Law No. 9613/1998 shall supervise the compliance with their decisions.

Paragraph 1 Should there be a partial or total failure to comply with the decision, the fact must be reported to the competent authority that shall decide on the measures to be taken for its judicial execution.

Paragraph 2 Whenever decided by COAF, the judicial representation shall be made by a General Attorney.

Article 23. One may appeal against COAF's decisions to the Minister of Finance within 15 (fifteen) days after being informed of the decision.

CHAPTER VI

FINAL AND TRANSITORY PROVISIONS

Article 24. The expenses of installation and functioning of COAF and the Executive Secretariat shall be imputed to the budget of the Ministry of Finance.

Article 25. The General Attorney Office shall appoint a General Attorney to act at COAF.

Article 26. The Internal Rules and Regulations of COAF shall be approved by means of an act of the Minister of Finance.

ADMINISTRATIVE RULE No. 330, OF DECEMBER 18, 1998

This administrative rule approves the Internal Rules and Regulations of the Council for Financial Activities Control (COAF).

THE MINISTER OF FINANCE, AD INTERIM,

In the exercise of the powers conferred by article 26 of the Bylaws approved by Decree No. 2799, of October 8, 1998,

HAS RESOLVED:

Article 1 The Internal Rules and Regulations of the Council for Financial Activities Control (COAF), created by the article 14 of Law No. 9613, of March 3, 1998 are hereby approved as set forth in the Annex to this Administrative Rule.

Article 2 This Administrative Rule shall come into force on the date of its publication.

Brasília, December 18, 1998.

**Annex to the Administrative Rule No. 330,
of December 18, 1998**

**INTERNAL RULES AND REGULATIONS OF
THE COUNCIL FOR FINANCIAL ACTIVITIES CONTROL
(COAF)**

**CHAPTER I
COUNCIL**

**Section I
Composition and Organization**

Article 1 The Council for Financial Activities Control (COAF) is a collegiate decision-making body, whose jurisdiction includes the whole Brazilian territory. It was created by Law No. 9613, of March 3, 1998; it is part of the Ministry of Finance's structure; it is headquartered in the Federal District; and its duties are set forth in Law No. 9613 and in the Bylaws approved by Decree No. 2799, of October 8, 1998.

**Section II
Plenary Meeting**

Article 2 The plenary meeting is composed of a Chairperson, appointed by the President of the Republic, by indication of the Minister of Finance, and of eight (8) Council Members, chosen among the effective staff of the Central Bank of Brazil (BACEN), the Securities and Exchange Commission (CVM), the Superintendence of Private Insurance (SUSEP), General Attorney Office for the National Treasury (PGFN), the Federal Revenue Office (SRF), the Intelligence Division of the Military Department of the Presidency, the Federal Police Department (DPF), and the Foreign Relations Ministry, appointed by the Minister of Finance, in the last three cases upon indication by the respective State Ministers.

Section III Chairperson

Article 3 The Chairperson of COAF shall perform his/her duties in an exclusive manner, so that he/she shall be forbidden to perform other functions, except for those established by the constitution.

Sole Paragraph The office of Chairperson shall be subject, whenever applicable, to the provisions in articles 5 and 6 of the Bylaws approved by Decree No. 2799/1998.

Section IV Executive Secretariat

Article 4 The Council shall have an Executive Secretariat, pursuant to the provisions of article 3 of the Bylaws approved by Decree No. 2799/1998.

Paragraph 1 The Executive Secretariat shall be directed by an Executive Secretary appointed by the Minister of Finance.

Paragraph 2 The civil servants of the Executive Secretariat shall be subject to the restrictions referred to in article 6 of the Bylaws approved by Decree No. 2799/1998.

CHAPTER II JURISDICTION AND DUTIES

Section I Plenary Meeting

- Article 5 The plenary meeting, without prejudice to other duties, shall:
- I. Monitor the compliance with current legislation, and with the Council's Bylaws and Internal Rules and Regulations;
 - II. Discipline the matters under its jurisdiction as provided by Law No. 9613/1998;
 - III. Receive, examine, and identify the suspicious of illicit activities, under the provisions of article 1 of Law No. 9613/1998;

- IV. Deliberate upon infractions and apply the administrative penalties referred to in article 12 of Law No. 9613/1998 to the legal entities defined in article 9 of that Law, which are not subject to any specific surveillance or regulatory agency;
- V. Issue the instructions for the legal entities referred to in the previous item;
- VI. Elaborate the list of suspicious transactions and activities, according to the provisions of paragraph 1 of article 11 of Law No. 9613/1998;
- VII. Coordinate and propose mechanisms for cooperation and exchange of information, in Brazil and abroad, which allow for fast and efficacious measures to prevent and repress the concealment or disguise of assets, rights, and valuables;
- VIII. Require information or documents from legal entities, which are not subject to any specific surveillance or regulatory agency, or through a competent agency, as the case may be;
- IX. Report to the competent authorities, whenever it verifies the existence or grounded indications of crimes, or of any other illicit activity;
- X. Express an opinion on proposals of international agreements, in matters of its jurisdiction, consulting other agencies or public entities involved with the matter, as the case may be.

Section II

Chairperson

Article 6 The Chairperson shall:

- I. Preside over the Council's plenary meeting with voting rights including the casting vote;
- II. Empower the Council Members;
- III. Represent the Council before the Federal, State, and Municipal government bodies and other authorities, including international ones;

- IV. Issue administrative and regulatory acts that might be necessary to improve the Council's performance;
- V. Convene meetings and organize the corresponding agenda;
- VI. Sign the official acts of COAF, as well as the plenary meetings' decisions;
- VII. Order the summons of those people concerned;
- VIII. Orient, coordinate, and supervise the administrative activities of the Council and Executive Secretariat;
- IX. Officially report to the competent authorities whenever the investigations show strong indications of irregularities;
- X. Nominate an expert to help fulfill the Council's duties, whenever the matter demands specific technical knowledge;
- XI. Invite representatives of public or private agencies or entities to participate in the meetings, without voting rights;
- XII. Determine a date for the trial of proceedings;
- XIII. Execute and supervise the execution of Council decisions;
- XIV. Decide on matters concerning the acceptance of appeals to the Minister of Finance against decisions of competent authorities of agencies or entities supervising or regulating the legal entities referred to in article 9 of Law No. 9613/1998 related to the infractions mentioned in that Law, as well as against decisions of the Council, and resolve the incidents that may occur;
- XV. Share information with competent authorities of foreign countries and international entities.

Section III **Council Members**

Article 7 The Council Members shall:

- I. Vote on the proceedings and matters submitted to the Council;
- II. Publish and register the decisions on the proceedings in which they act as reporters;
- III. Submit to the Council the request for information and documents that concern the proceedings respecting the applicable legal confidentiality and determine the necessary actions for the fulfillment of their duties;
- IV. Propose to the plenary meeting to examine facts that show indications of irregularities, pursuant to the provisions of Law No. 9613/1998;
- V. Do other tasks that might be assigned to them in accordance with the Council's Internal Rules and Regulations;
- VI. Perform other assignments as determined by the plenary meeting or the Chairperson.

Section IV

Reporter

Article 8 The Reporter shall:

- I. Order and direct the proceeding;
- II. Submit relevant matters to the Chairperson or the plenary meeting, according to their jurisdiction, for the good conduction of the proceedings;
- III. Dispatch for trial the facts assigned to him/her by distribution;
- IV. Record the decision in writing, when his/her vote is the winner at trial;
- V. Preside over case investigation hearings.

Section VI

Executive Secretariat

Article 9 The Executive Secretariat shall:

- I. Receive identification information or or information on cash transfers considered suspicious under articles 10 and 11 of Law No. 9613/1998 provided by the institutions mentioned in article 9 of that same Law, directly or through other surveillance or regulatory agencies;
- II. Receive reports, including anonymous ones, referring to suspicious activities;
- III. Catalog, classify, identify, compare, and file information, reports, and data received and requested;
- IV. Request information kept in data basis of public and private agencies and entities;
- V. Analyze the reports, data, and information received and requested; elaborate and file dossiers containing the inquiries made;
- VI. Request investigations from federal agencies and entities whenever there is any indication of suspicious activities in the information received or requested, or suspicions arising from the analysis performed;
- VII. Prepare, for the decision of the Minister of Finance, the appeals against decisions by competent authorities of agencies or entities that monitor or regulate the legal entities referred to in article 9 of Law No. 9613/1998 with respect to the infractions mentioned in that same Law, as well as against Council decisions;
- VIII. Perform secretary functions during Council sessions on a permanent basis;
- IX. Monitor the compliance with the decisions of the Council;
- X. Do other duties that might be assigned by the Council or the Chairperson.

CHAPTER III ADMINISTRATIVE PROCEEDINGS

Section I Initiation and Assignment

- Article 10 The administrative proceedings shall be established within no more than ten business days, after the information on the infraction, the reports mentioned in item II of article 11 of Law No. 9613/1998 or the conclusion of preliminary investigations are received. This shall be made upon official order issued by the Chairperson, who shall specify the facts to be investigated.
- Article 11 The defendants shall be summoned to present their defense within 15 (fifteen) days. They shall present evidence in their interest, but they may present new documents at any time, before the case investigation is concluded.
- Paragraph 1 The summons shall disclose the full terms of the notification that initiated the administrative proceedings.
- Paragraph 2 The defendants' summons shall be made by mail, with proof of delivery, or, if summons by mail is not possible, by public notice published only once in the Official Federal Gazette (Diário Oficial da União – D.O.U.). The time limits shall be counted either from the summons' receipt or from its publication, respectively.
- Article 12 The defendants who do not present a defense after being summoned within the stipulated time referred to in the previous article shall be deemed non-compliant and they shall be considered guilty of the issues in question and subject to the other time limits, regardless whether another summons is made.
- Sole Paragraph The non-compliant defendants may intervene in any phase of the proceedings, but to the repetition of any act already performed.
- Article 13 After the deadline established for the presentation of defense, the Reporter may order investigations and the collection of

relevant evidence. He/she may also request from the defendants new information, explanations, or documents, to be presented within the time established by the requesting authority, by keeping legal confidentiality whenever necessary.

Article 14 The proceedings shall be automatically assigned, according to the order they are initiated.

Article 15 The proceedings shall be assigned by distribution among all Council Members, including those who are on holidays of up to thirty days.

Paragraph 1 If the Reporter is under impediment or suspicion, the proceedings shall be redistributed to balance the workload.

Paragraph 2 There shall also be a balance when the proceedings have to be assigned, as a preventative measure, to a certain Council Member.

Article 16. The distribution of proceedings renders the Reporter's jurisdiction preventative for posterior proceedings in which his involvement is clear, either because of the persons involved or the object of investigation.

Paragraph 1 When the Reporter's vote is defeated, the preventative measures shall refer to the Council Member designated to record the decision.

Paragraph 2 The involved persons may challenge the preventative measures until the beginning of trial.

Article 17 In the case that a Council Member is dismissed, the following procedures shall apply:

- I. If he/she is dismissed for a period not longer than thirty days, those proceedings deemed urgent shall be redistributed, with an appropriate balance;
- II. If he/she is dismissed for a period longer than thirty days, the Council Member dismissed shall receive no further assignments and the cases under his/her responsibility

deemed urgent shall be redistributed, maintaining an adequate balance among the other Council Members;

Article 18 Upon the argumentation of suspicion or impediment of a Council Member, one shall comply with the provisions of articles 76 to 89.

Section II Case Investigation

Article 19. The Reporter may carry out the case investigation hearings, whenever he/she deems it necessary to the proceeding. He/she shall preside over the hearing, which shall be duly recorded and annexed to the case file.

Paragraph 1 The defendants and their respective lawyers, if any, shall be notified of the hearing date and time at least five business days in advance.

Paragraph 2 The Reporter shall deliberate upon the requests made during the hearing.

Section III Trial of the Proceeding

Article 20 After receiving the proceeding from the Reporter, the Chairperson shall include it in the agenda of trials.

Article 21 At the trial session after the report is made, the Chairperson shall allow the defendants or their lawyers to have the floor for an oral statement not to exceed fifteen minutes.

Sole Paragraph If there is more than one defendant not represented by the same lawyer, the time will be doubled and equally divided by the number of defendants, unless otherwise agreed upon.

Article 22 Each Council Member may speak twice about the subject under discussion and once more, if necessary, to explain a change of vote. No one shall speak unless the Chairperson allows him/her to have the floor, and no one shall interrupt anyone speaking.

Paragraph 1 In any phase of the trial, the Council Members may request

from the Reporter explanations on the facts and circumstances relating to the matter under discussion, or even request to examine the case files, and in this case the trial shall be suspended. Should a new issue arise, the Reporter himself/herself may request the suspension of trial.

Paragraph 2 If a Council Member requests to examine the case files, the trial shall resume when the case files are returned, starting with that Council Member's vote, even if the voting order has to be changed.

Article 23 During trials, the request to examine the case files does not prevent Council Members that consider themselves apt to vote from doing so, and the Council Member who makes the request shall present the files until the first subsequent session, so that the trial can go on.

Paragraph 1 A trial that has already begun shall go on, by counting the votes already cast by the Council Members, even if they are not present or no longer hold that office, and even if the Council Member dismissed is the Reporter.

Paragraph 2 The Council Members that have not attended the reporting or debates shall not participate in the trial, except when they consider themselves sufficiently informed to do so.

Paragraph 3 If, for the purpose of quorum or casting vote, it is necessary that the Council Member in the conditions set forth in the previous paragraph votes, the reporting and the oral statement shall be repeated, and the votes previously cast shall be validated.

Paragraph 4 Until the Chairperson announces the result, the Council Members may alter their votes.

Article 24 After the oral debate is concluded, the Chairperson shall receive the Reporter's vote and after that the votes of the other Council Members in decreasing order of seniority and, among Council Members of equal seniority, in a decreasing order of age. The Chairperson shall be the last one to vote.

Article 25 The Chairperson shall announce the decision that shall be written by the Reporter.

Paragraph 1 If the Reporter's vote is defeated, the Council Member that first voted in accordance with the terms of the final decision shall be designated to write the decision.

Paragraph 2 The decision shall contain references to the records of the trial session—especially the names of Council Members present, specifying, if that is the case, the Council Members defeated and the matter in question, and those Members under impediment—which shall be an integral part of the decision.

Paragraph 3 The Chairperson and the Reporter or the Council Member who wrote the decision shall sign it.

Paragraph 4 The decision shall be published in the Official Federal Gazette (Diário Oficial da União, D.O.U.) within fifteen days of its announcement.

Article 26 COAF's decision, which in any event shall be well founded, whenever it concerns the existence of an administrative offense, shall contain:

- I. The specification of the facts that constitute the verified offense and the indication of procedures to be followed by the persons responsible for making it stop;
- II. The time limit within which the procedures referred to in the previous item shall be initiated and concluded;
- III. The sanctions applied.

Article 27 The preliminary questions shall be tried before the judgment on the merits, when it is unknown if the merits are in contradiction with the decision of those questions.

Paragraph 1 If, before or during the reporting, any one of the Council Members raises a preliminary motion, the parties, who shall be allowed to speak, shall discuss it before it is tried. If the preliminary motion is not admitted, the trial shall continue.

Paragraph 2 When the preliminary motion is based on a failure to state a cause of action, the trial shall be converted into an investigation and if necessary the Reporter shall order the case to be sent to the Executive Secretariat for the lawful procedures.

Article 28 If the preliminary motion is rejected, or if it is accepted but does not prevent a judgment on the merits, the discussion and the trial of the principal matter shall continue, and the Council Members whose votes were defeated on the previous conclusion shall also cast their votes on the principal matter.

Article 29 The case whose trial has been suspended shall precede the other cases.

Article 30. The associated cases may be object of only one trial by their proper joinder in one case.

Sole Paragraph The cases that concern the same judicial question, even though they present different aspects, may be jointly tried.

Article 31 The trials shall obey the chronological order of cases.

Sole Paragraph The chronological order shall be verified by the trial docket numbers established by the Executive Secretariat of the Council.

Article 32 When the lawyers wish to present an oral statement, they may request that it be tried with priority in the subsequent session.

Article 33 Once commenced, the trial shall be concluded in the same session even if the time exceeds the limit stipulated in the rules and regulations.

Article 34 The plenary meeting may convert the trial into an investigation, whenever it is deemed necessary for the trial of the case.

Article 35 COAF's decisions shall be made by simple majority, with the minimum presence of five members.

Article 36. Appeals from COAF's decisions to the Minister of Finance shall be allowed, within fifteen days after the decision is announced.

- Article 37 The filed appeal shall contain:
- I. The name of the party and his/her identification information;
 - II. The statement of facts and the legal basis for the objection;
 - III. The request for a new decision.
- Article 38. The Chairperson of COAF shall evaluate the validity of the appeals filed.
- Paragraph 1 The appeals received are in general admissible;
- Paragraph 2 Whenever an appeal against the decision is not admissible, a motion addressed to the Minister of Finance may be filed within five days .
- I. The motion shall be delivered to COAF's Executive Secretariat for the applicable procedures.
 - II. The motion shall be well founded.
- Article 39 The minutes of each plenary meeting shall be submitted for approval in the subsequent session.

Section IV

Execution

- Article 40 The Executive Secretariat shall monitor compliance with COAF's decisions.
- Paragraph 1 The non-compliance with the decisions, in whole or in part, shall be reported to the Chairperson, who shall address the case to the member of the General Attorney Office, designated under the provisions of article 25 of the Bylaws approved by Decree No. 2799/1998 for the applicable procedures.
- Paragraph 2 The Chairperson, who may submit the issue to the plenary meeting, shall decide upon the incidents that occur during the execution.

CHAPTER IV COUNCIL MEETINGS

- Article 41 The Council shall hold ordinary meetings on the days and times designated by the Chairperson in an official act and shall hold special meetings upon request.
- Paragraph 1 The ordinary meetings shall last four hours, with a thirty-minute pause, and they may be extended whenever the work demands.
- Paragraph 2 The special meetings shall start at the designated time and they shall end when the purpose for which they met is accomplished.
- Article 42 In addition to the employees authorized by the Chairperson, only the people involved in the case and their representatives shall have access to the meeting room, unless otherwise provided by the plenary meeting.
- Article 43 During the meetings, the Chairperson shall have the central seat at the trial table. The other Council Members shall sit, in order of seniority, and among those of equal seniority, by decreasing age order, alternately, on the lateral seats starting from the right side of the Chairperson.
- Paragraph 1 The lawyers shall get the floor to formulate their petitions and present their oral statements before the Council for the maximum time of 15 minutes.
- Paragraph 2 The lawyers are allowed to request that the minutes record their presence at the trial session, and they may provide explanations on matters of fact.
- Article 44 During the Council meetings, whenever applicable, the following order shall be observed:
- I. Verification of the number of Council Members present;
 - II. Reading, discussion, and approval of the minutes of the previous meeting;

- III. Indications and proposals;
- IV. Trial of cases.

CHAPTER V ACTS AND FORMALITIES

Section I General Provisions

- Article 45 The procedural acts shall be certified, whenever applicable, by the signature or initials of the Council Members or the civil servants of the Executive Secretariat that are qualified to do so.
- Paragraph 1 The usual signature is required on official correspondence, decisions, and certificates.
- Paragraph 2 The books necessary for the execution of proceedings shall bear the initials of the Chairperson or a civil servant of the Executive Secretariat designated by the Chairperson.
- Paragraph 3 The initials and full signatures of the civil servants shall be registered in an appropriate book for the identification of the undersigned.
- Article 46 The documents that shall integrate an order, investigation, or execution act may be annexed to it as a certified copy.
- Article 47 If the nullities or irregularities in the processing of case files are reparable, the procedure the least expensive for the parties and the Council service shall be followed.
- Article 48 The defendants' summons shall be made by mail, with proof of delivery, or, if summons by mail is not possible, by public notice published only once in the Official Federal Gazette. The time limits shall be counted either from the summons' receipt or from its publication, respectively.
- Sole Paragraph The summons shall disclose the full terms of the notification that initiated the administrative proceedings.

Article 49 The publication of each case order shall state both the names of the parties and the names of their lawyers.

Paragraph 1 It is sufficient to indicate the name of only one of the lawyers when the party has retained more than one lawyer or if the lawyer appoints a substitute with limited powers.

Paragraph 2 The rectification of publication in the Official Federal Gazette, with summons effect, resulting from mistake or omission, shall be provided by the Executive Secretariat ex officio by means of an order by the Chairperson or Reporter, pursuant to a normative instruction of the Council's Chairperson.

Article 50 The publication of the trial agenda shall occur at least forty-eight hours before the session during which the cases may be called and it shall be certified in the case files.

Article 51 The defendants or those interested in the case may examine the proceedings on the premises of the Council, and the defendants may follow the administrative proceeding personally or through a representative. This representative, in case of a legal entity, may be the entity's holder, director or managers, and in case of an individual a lawyer legally qualified. In any case they shall have ample access to the proceeding, which shall remain within the premises of the Council or the processing entity.

Section II

Proceedings Information

Article 52 The Executive Secretariat shall assure the defendants or their legally qualified lawyers the access for the examination of the proceedings within its premises.

Paragraph 1 The defendants or their lawyers shall be allowed to receive certificates and copies of the documents which are part of the proceedings by paying for the corresponding costs.

Paragraph 2 The copies of documents with restricted or confidential features shall depend upon the Chairperson's permission.

Paragraph 3 Persons not related to the proceedings shall not be allowed to examine any file thereof.

- Paragraph 4 It is forbidden to disclose any information pertaining to the proceedings without previous and express approval of the Reporter or the Chairperson, subject to responsibility sanctions.
- Article 53 In cases provided for by law or in which the public interest demands, the Reporter shall order the confidentiality of documents and information, which shall be recorded separately.
- Article 54 The Council Members shall not be allowed to provide or disclose confidential information, known or obtained in the fulfillment of their duties, including the entities to which they originally belong.

Section III

Minutes and Complaints Caused by Errors

- Article 55 The minutes shall be read and submitted for approval at the subsequent session.
- Article 56 The defendant may appeal based on an error in the minutes, within forty-eight hours, by means of a petition addressed to the Chairperson of the Council.
- Paragraph 1 No complaint shall be admitted when it involves a decision modification.
- Paragraph 2 The complaint shall not interfere with the time limit stipulated for the filing of appeals, except as provided in article 30.
- Article 57 The petition shall first be docketed, then it will be sent to the civil servant in charge of the minutes, who will take it to be dispatched on the same day.
- Article 58 If the request is granted, the minutes shall be corrected and they shall be published once again.
- Article 59 The decision upon the complaint shall be unappealable.

Section IV

Decisions

Article 60 The Chairperson and the Reporter who has put it in writing shall sign the decision. If the Reporter's vote has been defeated on the main question, another Reporter shall be designated to write down the decision.

Paragraph 1 If the Reporter, due to absence or other relevant reason, cannot write down the decision, the Council Member that follows him/her in seniority, or if of equal seniority in decreasing age order, shall write down the decision.

Paragraph 2 If the Chairperson, due to absence or other relevant reason, cannot sign the decision, only the Reporter shall do it, mentioning in the place reserved for the Chairperson's signature the circumstance of his/her absence.

Article 61 The public notice to the parties shall be made through the publication of the decision, including its conclusions and summaries, in the Official Federal Gazette.

Article 62 The minutes of the trial shall be annexed to the files as an integral part of the decision and they shall contain the following:

- I. The decision proclaimed by the Chairperson;
- II. The names of the Reporter, or whenever his/her vote has been defeated of his/her substitute and of the other Council Members who participated in the trial;
- III. The names of the Council Members who were impeded, considered suspect or absent;
- IV. The names of the lawyers that have presented the oral argument before the court.

Section V

Stipulated Time Limits

- Article 63 The procedural acts shall be performed within the time limits stipulated in the Bylaws approved by Decree No. 2799/1998 and in these Rules and Regulations. Whenever there is an omission, the Chairperson or the Reporter, respectively, shall determine the limits.
- Sole Paragraph Should there be no judicial orders or instructions from the Chairperson or Reporter, the time limit for the performance of a procedural act by the party shall be five days.
- Article 64 The stipulated time limits shall not be interrupted by holidays.
- Article 65 The time limits shall be suspended due to obstacles created by the defendant, the defendant's death or loss of his/her procedural capacity, or acts of God (in these cases, the time limits shall be restored to the same time that remained until their conclusion).
- Article 66 After the time limits are concluded, regardless of any act, the right to perform the procedural act is extinguished; however, the party is allowed to prove that he/she did not perform such act for good cause.
- Paragraph 1 Good cause is considered the overwhelming and unpreventable event that hinders the party from performing the said act by himself/herself or through a legal representative.
- Paragraph 2 Whenever the Reporter verifies the existence of good cause, he/she shall stipulate a time limit within which the defendant shall perform the act in question.
- Article 67 Unless otherwise provided for, when computing the stipulated time limits the first day shall be excluded and the last day shall be included in the counting.
- Paragraph 1 The time limit shall be considered postponed until the first subsequent business day whenever it expires on a holiday or

on a day when the Executive Secretariat of the Council is closed.

Paragraph 2 The time limits start to run on the first business day after summons is effective.

Article 68 The defendant may only waive a time limit that has been stipulated on his/her own behalf.

Article 69 Whenever there is a justified reason, the Reporter may exceed the time limits stipulated by these Rules and Regulations for the same periods of time.

Article 70 The Chairperson and the Reporter in the fulfillment of their respective duties shall:

- I. Issue orders within 48 hours;
- II. Announce decisions within ten days.

Article 71 The civil servant of the Executive Secretariat shall dispatch the concluded proceedings within twenty-four hours and execute the procedural acts within forty-eight hours beginning on:

- I. The date the preceding procedural act was concluded;
- II. The date the civil servant receives notice of the order that might be determined by the Chairperson or the Reporter.

Sole Paragraph When the civil servant receives the proceedings, he/she shall certify the day and time he/she received the notice of the order referred to in item II.

Article 72. The Council time limits shall run from the date the summons is published or the date the defendant receives the summons by mail, respectively.

Paragraph 1 In other procedural acts the time limits shall run from the publication in the Official Federal Gazette, which shall state the name of the defendant and his/her lawyer legally qualified, if any.

Paragraph 2 The time limits shall not run whenever there is a proven act of God that is acknowledged by the Council.

Paragraph 3 The official information presented after the stipulated time limit for just reasons may be admitted, if their submission is still timely.

Article 73 The time limits for investigations shall be determined by the acts that order them, unless otherwise provided in these Rules and Regulations.

Article 74 Unless otherwise provided, the civil servants of the Executive Secretariat shall perform the procedural acts within forty-eight hours.

Section VI Court Fees

Article 75 There shall be no court fees in the Council.

Paragraph 1 The prices charged for the supply of certified or simple copies or certificates and transcripts by photocopy or equivalent reproduction processes are not court fees.

Paragraph 2 These prices shall be paid in advance or guaranteed by deposits, according to the price list previously approved by the Chairperson.

CHAPTER VI COUNCIL MEMBERS UNDER IMPEDIMENT OR SUSPICION

Article 76 The Council Member is forbidden from fulfilling his/her duties in the administrative proceeding when:

- I. He/she is the interested or accused party;
- II. He/she has intervened as the defendant's legal representative, has provided an expert appraisal, or has testified as witness;
- III. The person acting as the defendant's lawyer is his/her

spouse or any relative by blood or affinity in direct or collateral line to the second degree;

- IV. He/she is the defendant's spouse or relative by blood or affinity in direct or collateral line up to the third degree.

Sole Paragraph In case of item III, the impediment is verified only when the lawyer is already exercising the support of the cause. However, he/she is not allowed to plead in the case, so that the Council Member's impediment is not established.

Article 77 The Council Member's partiality shall be considered under reasonable suspicion, whenever:

- I. He/she is an intimate friend of the defendant;
- II. The defendant is a creditor or debtor to the Council Member, his/her spouse, or their relatives in direct or collateral line up to the third degree;
- III. He/she is the defendant's presumptive heir, donee, or employer;
- IV. He/she receives gifts before or after the trial begins; he/she counsels the defendant concerning the subject matter of the cause;
- V. He/she has interests that the case is resolved in favor of the defendant.

Sole Paragraph However, at any time, the Council Member or the Chairperson may declare himself/herself suspicious for personal reasons.

Article 78 Impediment and suspicion reasons shall apply to all Council Members and the Chairperson. Whenever a COAF member violates the duty of abstention or does not declare himself/herself suspicious, he/she may be refused by the defendant.

Article 79. The impediment and suspicion reasons shall also apply to:

- I. The expert and the technical assistants;

II. The interpreter.

- Article 80 The person interested in the case or the defendant shall allege the impediment or suspicion, in a well-founded and duly instructed petition, on the first opportunity he/she has to speak in the hearing. The Chairperson shall process the incident separately without suspending the case, by listening to the suspicious within five days, authorizing the presentation of evidence whenever necessary, and deciding on the petition.
- Article 81 In case of impediment or suspicion of the Chairperson, the trial shall be presided over by the Council Member designated by the Chairperson through a court order, by observing the decreasing order of seniority, and in the case of equal seniority, in decreasing order of age.
- Article 82 The allegation of suspicion of the Reporter for preexisting reasons shall be claimed within 15 (fifteen) days after the Reporter's assignment. In case of supervening reasons, the fifteen-day limit shall run from the date of the fact that originated the suspicion. The suspicion of the other Council Members may be alleged until the beginning of trial.
- Article 83 The suspicion shall be presented in a petition signed by the party himself/herself or by a lawyer legally qualified, indicating the facts that motivated it, and it shall be accompanied by documentary evidence and the witness list, if any.
- Article 84 If the Council Member considered suspicious is the Reporter and he/she acknowledges the suspicion by recording it in the case files, he/she shall send the proceeding back to the Chairperson for a new assignment.
- Sole Paragraph. If the Council Member does not acknowledge the suspicion, he/she shall remain assigned to the case. In this case, the trial shall be suspended until the incident has been solved. This incident shall be separately processed and a Reporter shall be appointed.
- Article 85. After the petition is registered and assigned, and if the relevance of the allegation is preliminarily acknowledged, the Reporter shall order that the refused Council Member be heard within 5 (five)

days, and, with or without an answer, the Reporter shall order the continuation of the proceeding by collecting the evidence.

Paragraph 1 If the suspicion is evidently unfounded, the Reporter shall reject it by preliminary order.

Paragraph 2 If the accused acknowledges the suspicion, even if for other grounds, the incident is concluded.

Article 86 After having complied with the formalities referred to in the previous article, the Reporter shall report the incident to the council, on the first subsequent session, when the subject shall be tried, without the presence of the Council Member refused.

Paragraph 1 The Council shall make a decision about the suspicion case.

Paragraph 2 The suspicion shall be considered unlawful whenever the plaintiff has provoked it or, after the cause was manifested, he/she practices any act that results in the acceptance of the Council Member previously refused.

Article 87 When the Council Member acknowledges the impediment or the suspicion, his/her previous acts shall be considered void.

Article 88 The pleading shall always be individual, so that the other Council Members shall not be impeded from evaluating it even if they are also refused.

Article 89 Only the plaintiff and the defendant shall be allowed to receive certificates of any document concerning the suspicion case.

Sole Paragraph The certificate shall state the name of the requester and the decision that has been made.

CHAPTER VII

GENERAL PROVISIONS

Article 90 The plenary meeting, among other things, shall approve the Rules and Regulations relating to:

- I. The establishment of further regulations concerning the functioning of the Council and the order of its proceedings;
- II. The collection of the fines referred to in Law No. 9613/1998;
- III. The ethical conduct of civil servants of the Executive Secretariat;

Article 91 Proposals of amendment to the Rules and Regulations shall be presented by a Council Member in ordinary sessions, and they shall remain under discussion during two consecutive ordinary sessions for suggestions, after which they shall be submitted to discussion and voting.

Article 92 The modification of these Rules and Regulations shall only be approved in ordinary session by favorable vote of at least five Council Members.

Article 93 COAF shall publish:

- I. The trials agenda;
- II. The minutes of the plenary meetings, assignments, amendments, decisions, and court orders; and
- III. Annual reports.

Article 94 The Chairperson shall specify the duties of the several sectors of the Council and those of its officers and civil servants by means of official acts..

Article 95 The contingencies not covered by law and the questions levied on the application of these Rules and Regulations shall be solved by the Chairperson by consulting with the plenary meeting.

Article 96 These Rules and Regulations shall come into force on the date of their publication.

COUNCIL FOR FINANCIAL ACTIVITIES CONTROL (COAF)

RESOLUTION No. 001, OF APRIL 13, 1999

This resolution sets forth the procedures to be followed by the legal entities that engage in the performance of activities pertaining to real estate, including the promotion, purchase, and sale of properties.

The Chairwoman of the Council for Financial Activities Control (COAF), in the exercise of the powers conferred upon her by item IV of article 9 of the Bylaws approved by Decree No. 2799, of October 8, 1998, hereby announces that at the plenary meeting held on April 7, 1999, pursuant to Paragraph 1 of article 14 of Law No. 9613, of March 3, 1998, the Council has resolved:

Section I Preliminary Provisions

Article 1 In order to prevent and fight against crimes of laundering or concealment of assets, rights, and valuables, as referred to in Law No. 9613, of March 3, 1988 and regulated by Decree No. 2799, of October 8, 1998, the legal entities that engage in activities pertaining to real estate, including the promotion, purchase and sale of properties shall comply with the provisions set forth in this Resolution.

Sole Paragraph The provisions of this Resolution shall apply to any legal entity that engages, either on a permanent or a temporary basis, together or separately, and as their principal or secondary activity, in activities pertaining to the promotion, purchase, and sale of real estate.

Section II Customer Identification and Record Keeping

Article 2 The legal entities referred to in article 1 shall identify their customers and maintain updated records, as set forth in this Resolution.

Article 3 The records shall contain, at minimum, the following information on all of the participants in the transaction (purchasers, dealers, their spouses or companions, as well as individuals who are legally authorized to represent them):

- I. In the case of a legal entity:
 - a) Corporate name;
 - b) Names of managers, owners, or controllers;
 - c) Legal form and date of incorporation (registration in the respective trade association);
 - d) Business Registry Identification Number (NIRE) and inscription number in the National Registry of Legal Entities (CNPJ, taxpayer identification number);
 - e) Complete address (street, number district, city, State, ZIP code), telephone number, and
 - f) Principal activity.

- II. In the case of a natural person:
 - a) Name, sex, date of birth, name of parents, place of birth, nationality, marital status, and name of spouse or companion;
 - b) Complete address (street, number, district, city, State, ZIP code), telephone number;
 - c) Number of identification document, name of the issuing institution and date of issue, or in the case of foreigners passport or identity card information;
 - d) Inscription number in the Natural Persons Registry (CPF, taxpayer identification number); and
 - e) Principal activity.

Section III

Transaction Registration

Article 4 The legal entities referred to in article 1 shall maintain records of all real estate transactions that exceed the amount of R\$50,000.00 (fifty thousand Reals).

Article 5 The transaction records shall contain, at minimum, the following information:

- I. Date of execution and value of transaction, payment

conditions (cash, installments, or credit) and settlement conditions (cash, check, financing);

- II. Description of the asset and location of the real estate (street, number, district, city, State, and ZIP code), if it is urban; or name of property, description of its limits, town, and State, if it is rural;
- III. The property inscription number in the municipal registry, so that the Urban Building and Territorial Tax (IPTU) can be collected, or in the registry kept by the National Institute of Colonization and Land Reform (INCRA), so that the Rural Territorial Tax (ITR) can be collected; and
- IV. Enrollment numbers and dates of registry in the real estate registry office.

Sole Paragraph The transactions that are carried out by the same natural person, legal entity, or group, in the same calendar month and exceed, in their total amount, the limit established in article 4, shall also be registered.

Section IV Suspicious Activities

Article 6 The legal entities referred to in Article 1 shall pay special attention to transactions or proposed transactions that may represent serious indications of or be related to the crimes defined in Law No. 9613/1998, as set forth in the Annex to this Resolution.

Section V Reports to COAF

Article 7 The legal entities mentioned in article 1 shall report to COAF, within twenty-four hours, the transactions or proposed transactions referred to in article 6, abstaining from informing their customers of this action.

Article 8 Reports to COAF imparted in good faith, pursuant to paragraph 2 of article 11 of Law No. 9613/1998, shall not generate any civil or administrative liability.

Article 9 The information referred to in article 7 may be sent electronically.

Section VI

General and Final Provisions

Article 10 The records and registries referred to in this Resolution shall be kept by the legal entities defined in article 1 during a minimum period of five years beginning on the date the transaction is concluded.

Article 11 The legal entities referred to in Article 1 shall comply, at all times, with the requests made by COAF concerning their customers, legal representatives or deputies, and proposed transactions.

Article 12 The legal entities referred to in article 1, as well as their managers, that fail to comply with the obligations of this Resolution shall be subject to the sanctions set forth in article 12 of Law No. 9613/1998, which shall be applied by COAF together or separately, as set forth in Decree No. 2799/1998 and the Administrative Rule of the Minister of Finance No. 330, of December 18, 1998.

Article 13 Before this Resolution becomes effective, COAF shall provide an Internet e-mail address for the delivery of reports.

Article 14 The Chairperson of COAF is authorized to issue complementary rules to this Resolution, especially in regards to the provisions set forth in Section V – Reports to COAF.

Article 15 This Resolution shall be implemented on the date of its publication, and it shall come into force on August 2, 1999.

Brasilia, April 13, 1999.

Annex

List of suspicious activities

1. Transactions in which the purchaser:
 - 1.1. Uses cash amounts that exceed R\$10.000,00 (ten thousand Reals) or the equivalent in other currencies, for the settlement of accounts;
 - 1.2. Makes or proposes to make total or partial payments, with funds from different sources (checks from various banks, places, or issuers), or of different nature (Brazilian or foreign currency, securities, metals, or any asset that can be converted into money);
 - 1.3. Proposes payment through funds transfers between bank accounts located abroad;
 - 1.4. Does not seem to have the necessary financial conditions for the transaction, indicating the possibility that he/she is a "front" or "cover-up" (a person who lends his/her name for suspicious transactions);
 - 1.5. Is not willing to comply with registration requirements or tries to induce those responsible for the business not to keep records or files that could retrace the proposed transactions;
 - 1.6. Makes payments using checks or any other banking instrument of bank branches located in border cities or abroad, when this form of payment is not justified;
 - 1.7. Proposes the real estate over-billing;
 - 1.8. Promotes successive real estate transactions, personally or through a third party;
 - 1.9. Is a company with headquarters or a branch in a tax haven or an offshore center, or which uses funds that come from these places.

2. Other transactions that, due to the features concerning the parties involved, amounts, forms of execution, type of instruments used, or the lack of economic or legal grounds, may indicate or be related to the crimes defined in Law No. 9613, of March 3, 1998.

COUNCIL FOR FINANCIAL ACTIVITIES CONTROL (COAF)

RESOLUTION No. 002, of April 13, 1999

This resolution sets forth the procedures to be followed by the factoring companies.

The Chairwoman of the Council for Financial Activities Control (COAF), in the exercise of the powers conferred upon her by item IV of Article 9 of the Bylaws approved by Decree No. 2799, of October 8, 1998, hereby announces that at the plenary meeting held on April 7, 1999, pursuant to Paragraph 1 of Article 14 of Law No. 9613, of March 3, 1998, the Council has resolved:

Section I Preliminary Provisions

- Article 1 In order to prevent and fight against crimes of laundering or concealment of assets, rights, and valuables, as referred to in Law No. 9613, of March 3, 1988 and regulated by Decree No. 2799, of October 8, 1998, the factoring companies shall comply with the provisions set forth in this Resolution.
- Sole Paragraph The provisions of this Resolution shall apply to any legal entity that engages, either on a permanent or a temporary basis, together or separately, and as their principal or secondary activity, in factoring activities.

SECTION II Customer Identification and Record Keeping

- Article 2 The legal entities referred to in article 1 shall identify the contracting companies and maintain updated records as set forth in this Resolution.
- Article 3 The records shall contain, at minimum, the following information:
- I. Qualification of the contracting company:
 - a) Corporate name;

- b) Legal form and date of incorporation (registration in the respective trade association);
 - c) Business Registry Identification Number (NIRE) and inscription number in the National Registry of Legal Entities (CNPJ, taxpayer identification number);
 - d) Complete address (street, number, district, city, State, ZIP code), telephone number; and
 - e) Principal activity.
- II. Qualification of the contractor's owner(s), controller(s), manager(s), representative(s), deputy(ies), chief executive officer(s), and chairperson(s):
- a) Name, sex, date of birth, names of parents, place of birth, nationality, marital status, and name of spouse or companion;
 - b) Inscription number in the Natural Persons Registry (CPF, taxpayer identification number);
 - c) Number of identification document, name of the issuing institution, and date of issue, or in the case of foreigners the passport or identity card information;
 - d) Complete address (street, number district, city, State, ZIP code), telephone number; and
 - e) Principal activity.

Sole Paragraph The records shall also contain the name of the factoring company's employee responsible for contracting services and for verifying and conferring the documents presented by the contractor.

Section III

Transaction Registration

Article 4 The factoring companies shall maintain records of all transactions that exceed the amount of R\$10,000.00 (ten thousand Reals).

Article 5 The transaction records shall contain, at minimum, the following information:

- I. The description of the transaction;
- II. The date the transaction is executed, the value of the

purchased assets, financial statements itemizing the purchase factor and ad-valorem service commission values; and

III. The description of the services rendered.

Paragraph 1 The internal records and controls shall enable the verification of the compatibility among the corresponding movement of funds, the economic activity developed by the customer-company and its financial standing, as well as those of its drawee-debtors.

Paragraph 2 The transactions that are carried out by the same company, conglomerate or group, during the same calendar month, and exceed, in their total, the limit established in the previous article shall also be registered.

Section IV Suspicious Activities

Article 6 The legal entities referred to in article 1 shall pay special attention to transactions or proposed transactions that may represent serious indications of or be related to the crimes defined in Law No. 9613/1998 as set forth in the Annex to this Resolution.

Section V REPORTS TO COAF

Article 7 The legal entities mentioned in article 1 shall report to COAF, within twenty-four hours the transactions or proposed transactions referred to in article 6, abstaining from informing their customers of this action.

Article 8 Reports to COAF imparted in good faith pursuant to paragraph 2 of article 11 of Law No. 9613/1998 shall not generate any civil or administrative liability.

Article 9 The information referred to in article 7 may be sent electronically.

Section VI

General and Final Provisions

- Article 10 The records and registries referred to in this Resolution shall be kept by the legal entities defined in article 1 during a minimum period of five years beginning on the date the transaction is concluded.
- Article 11 The legal entities referred to in article 1 shall comply, at all times, with the requests made by COAF, concerning their customers, owners, controllers, managers, representatives, deputies, chairperson, and proposed transactions.
- Article 12 The legal entities referred to in article 1 shall designate, before this Resolution becomes effective, the name and qualification of the person responsible for the implementation of and compliance with this Resolution.
- Article 13 The legal entities referred to in article 1, as well as their managers, that fail to comply with the obligations of this Resolution, shall be subject to the sanctions set forth in article 12 of Law No. 9613/1998, which shall be applied by COAF together or separately, as set forth in Decree No. 2799/1998 and the Administrative Rule of the Minister of Finance 330, of December 18, 1998.
- Article 14 Before this Resolution becomes effective, COAF shall provide an Internet e-mail address for the delivery of reports.
- Article 15 The Chairperson of COAF is authorized to issue complementary rules to this Resolution, especially in regards to the provisions set forth in Section V – Reports to COAF.
- Article 16 This Resolution shall be implemented on the date of its publication, and it shall come into force on August 2, 1999.

Brasilia, April 13, 1999.

Annex

List of suspicious activities

1. Substantial increases in the volume of assets sold or yielded by the contracting company to the factoring company, without apparent cause, especially if there is an payment orders on behalf of third parties.
2. Volume of sales or transfer of assets is incompatible with the net worth, the economic activity, or the presumable financial standing of the contracting company.
3. Actions with the purpose of inducing the factoring company employee not to keep files of specific reports of some transaction to be executed.
4. Transactions that due to their frequency, value, or form indicate a scheme to deceive the identification mechanisms.
5. Other transactions that, due to the features concerning the parties involved, amounts, forms of execution, type of instruments used, or the lack of economic or legal grounds, may indicate or be related to the crimes defined in Law No. 9613, of March 3, 1998.

COUNCIL FOR FINANCIAL ACTIVITIES CONTROL (COAF)

RESOLUTION No. 003, OF JUNE 2, 1999

This resolution sets forth the procedures to be followed by the entities that, directly or indirectly, carry out the distribution of any kind of property (including cash, real estate, and goods), by means of lotteries or similar methods.

The Chairwoman of the Council for Financial Activities Control (COAF), in the exercise of the powers conferred upon her by item IV of article 9 of the Bylaws approved by Decree No. 2799, of October 8, 1998, hereby announces that at the plenary meeting held on June 1, 1999, pursuant to paragraph 1 of article 14 of Law No. 9613, of March 3, 1998, the Council has resolved:

Section I Preliminary Provisions

Article 1 In order to prevent and fight against crimes of laundering or concealment of assets, rights, and valuables, as referred to in Law No. 9613, of March 3, 1988, regulated by Decree No. 2799, of October 8, 1998, the entities that, directly or indirectly, carry out the distribution of any kind of property (including cash, real estate, and goods), by means of lotteries or similar methods shall comply with the provisions set forth in this Resolution.

Sole Paragraph The provisions of this Resolution shall apply to the entities that execute the activities specified in this article, either on a permanent or a temporary basis, together or separately, and as their principal or secondary activity, in its various forms.

Section II Prize Winner Identification and Record Keeping

Article 2 The entities referred to in article 1 shall identify all prize winners and maintain updated records of any delivery and/or payment of

prizes with values equal to or higher than R\$10,000.00 (ten thousand Reals).

Article 3 The records shall contain information on prize types, the description of the assets, their values, the dates of delivery and/or payment, and, at minimum, the following information on the prize winner:

- I. Name;
- II. Number of identification document, name of the issuing institution and date of issuance or, in the case of foreigners, passport or identity card information; and
- III. Inscription number in the Natural Persons Registry (CPF, taxpayer identification number);

Section III Suspicious Activities

Article 4 The entities referred to in article 1 shall pay special attention to prizes or distributions that may represent serious indications of or be related to the crimes defined in Law No. 9613/1998, as set forth in the Annex to this Resolution.

Section IV Reports to COAF

Article 5 The entities mentioned in article 1 shall report to COAF, within twenty-four hours, the delivery and/or payment of prizes assets and values that might indicate the cases referred to in article 4 of this Resolution.

Article 6 Reports to COAF imparted in good faith, pursuant to paragraph 2 of article 11 of Law No. 9613/1998 shall not generate any civil or administrative liability.

Article 7 The information referred to in article 5 may be sent electronically.

Section V

General and Final Provisions

- Article 8 The records and registries referred to in this Resolution shall be kept by the entities defined in article 1 during a minimum period of five years beginning on the delivery and/or payment of the prizes.
- Article 9 The entities referred to in article 1 shall comply, at all times, with the requests made by COAF, concerning winners, types of games, and prizes.
- Article 10 The entities referred to in article 1 shall inform COAF, before this Resolution becomes effective, the name and qualification of the person responsible for the compliance with the provisions of this Resolution.
- Article 11 The entities referred to in article 1, as well as their managers, that fail to comply with the obligations of this Resolution shall be subject to the sanctions set forth in article 12 of Law No. 9613/1998, which shall be applied by COAF together or separately, as set forth in Decree No. 2799/1998 and the Administrative Rule of the Minister of Finance No. 330, of December 18, 1998.
- Article 12 Before this Resolution becomes effective, COAF shall provide an Internet e-mail address for the delivery of reports.
- Article 13 The Chairperson of COAF is authorized to issue complementary rules to this Resolution, especially in regards to the provisions set forth in Section IV – Reports to COAF.
- Article 14 This Resolution shall be implemented on the date of its publication, and it shall come into force on August 2, 1999.

Brasilia, June 2, 1999.

Annex

List of Suspicious Activities

1. A sudden and continued increase in the collection of a certain product, in a particular location or establishment (especially products with a higher probability of winning), followed by an increase in the frequency of prizes for the same location or establishment.
2. Payments of three or more prizes in values equal to or higher than 800 (eight hundred) UFIR (Brazilian Tax Unit Reference) to the same CPF (taxpayer identification number) holder within twelve months.
3. A sudden increase of high value bets in one particular type of game, with the possibility of covering a significant proportion of the winning combinations.
4. Other prize distributions that due to the features concerning the parties involved, values, forms of execution, and type of instruments used may indicate or be related to the crimes defined in Law No. 9613, of March 3, 1998.

COUNCIL FOR FINANCIAL ACTIVITIES CONTROL (COAF)

RESOLUTION No. 004, OF JUNE 2, 1999

This resolution sets forth the procedures to be followed by the individuals or legal entities that engage in the commerce of jewelry, precious stones, and metals.

The Chairwoman of the Council for Financial Activities Control (COAF), in the exercise of the powers conferred upon her by item IV of article 9 of the Bylaws approved by Decree No. 2799, of October 8, 1998, hereby announces that at the plenary meeting held on June 1, 1999, pursuant to paragraph 1 of article 14 of Law No. 9613, of March 3, 1998, the Council has resolved:

Section I Preliminary Provisions

Article 1 In order to prevent and fight against crimes of laundering or concealment of assets, rights, and valuables, as referred to in Law No. 9613, of March 3, 1988 and regulated by Decree No. 2799, of October 8, 1998, the individuals or legal entities that engage in the commerce of jewelry, precious stones, and metals shall comply with the provisions set forth this Resolution.

Sole Paragraph The provisions of this Resolution shall apply to the individuals or legal entities that engage, either on a permanent or temporary basis, together or separately, and as their principal or secondary activity, in the commercialization, importation or exportation of jewelry, precious stones, and metals.

Section II Customer Identification and Record Keeping

Article 2 The individuals or legal entities referred to in article 1 shall identify their customers and maintain updated records as set forth in this Resolution.

Article 3 The records shall contain the following information about customers:

- I. In the case of a natural person:
 - a) Name;
 - b) Complete address (street, number, district, city, State, ZIP code), telephone number;
 - c) Number of identification document, name of the issuing institution and date of issuance, or in the case of foreigners, passport or identity card information; and
 - d) Inscription number in the Natural Persons Registry (CPF, taxpayer identification number).

- II. In the case of a legal entity:
 - a) Corporate name;
 - b) Inscription number in the National Registry of Legal Entities (CNPJ, taxpayer identification number);
 - c) Complete address (street, number, district, city, State, ZIP code), telephone number;
 - d) Principal activity; and
 - e) Name of parent, subsidiary or associate entities.

Section III

Transaction Registration

Article 4 The individuals or legal entities referred to in article 1 shall maintain records of all transactions that exceed the amount of R\$5,000.00 (five thousand Reals) in retail sales and R\$50,000.00 (fifty thousand Reals) in industrial sector sales.

Article 5 The transaction records shall contain, at minimum, the following information:

- I. A detailed description of the merchandise;
- II. The value of the transaction;
- III. The form of payment (cash, check, credit card, financing, etc.); and
- IV. The transaction date.

Sole Paragraph The transactions that are carried out by the same natural person, legal entity, or group, in the same calendar month, and exceed, in the aggregate, the limit established in the previous article, shall also be registered.

Section IV Suspicious Activities

Article 6 The individuals and legal entities referred to in article 1 shall pay special attention to transactions or proposed transactions that may represent serious indications of or be related to the crimes defined in Law No. 9613/1998, as set forth in the Annex to this Resolution.

Section V Reports to COAF

Article 7 The individuals or legal entities mentioned in article 1 shall report to COAF, within twenty-four hours, the transactions or proposed transactions referred to in article 6, abstaining from informing their customers of this action.

Article 8 Reports to COAF imparted in good faith pursuant to paragraph 2 of article 11 of Law No. 9613/1998 shall not generate any civil or administrative liability.

Article 9 The information referred to in article 7 may be sent electronically.

Section VI General and Final Provisions

Article 10 The records and registries referred to in this Resolution shall be kept by the individuals or legal entities defined in article 1 during a minimum period of five years beginning on the date the transaction is concluded.

Article 11 The individuals or legal entities referred to in Article 1 shall comply, at all times, with the requests formulated by COAF, concerning customers and transactions.

Article 12 The legal entities referred to in article 1, as well as their

managers, that fail to comply with the obligations of this Resolution shall be subject to sanctions set forth in article 12 of Law No. 9613/1998, which shall be applied by COAF together or separately, as set forth in Decree No. 2799/1998 and the Administrative Rule of the Minister of Finance No. 330, of December 18, 1998.

Article 13 Before this Resolution becomes effective, COAF shall provide an Internet e-mail address for the delivery of reports.

Article 14 The Chairperson of COAF is authorized to issue complementary rules to this Resolution, especially in regards to the provisions set forth in Section V – Reports to COAF.

Article 15 This Resolution shall be implemented on the date of its publication, and it shall be effective on August 2, 1999.

Brasilia, June 2, 1999.

Annex

List of Suspicious Activities

1. The use of amounts equal to or higher than R\$10,000.00 (ten thousand Reals), in cash, in transactions referred to in this Resolution.
2. Repeated transactions with values close to the established limit for record keeping or reporting to COAF.
3. Transactions in which the proponent is not willing to comply with record-keeping requirements or tries to induce the person responsible for the business not to keep records that can retrace the transactions or proposed transactions.
4. Sale proposals for large quantities of stones and/or precious metals in raw state of unknown origin or from an alleged mining area that has no history of production or that is already depleted.
5. Individuals or legal entities, that have no history in the market, are dealing with high amounts of money for the acquisition of the assets referred to in this Resolution, and do not request origin and evaluation certifications of the products involved in the transaction.
6. Transactions in which the agent does not seem to have the necessary financial conditions for their settlement, indicating the possibility that he/she is a " front " or " cover-up " (a person who lends his/her name for suspicious transactions).
7. Transactions in which the agent proposes to pay through funds transfers between bank accounts located abroad.
8. Overvaluing or undervaluing proposals in transactions that involve the assets referred to in this Resolution.
9. Other transactions that, due to the features concerning the parties involved, amounts, forms of execution, type of instruments used, or the lack of economic or legal grounds, may indicate or be related to the crimes defined in Law No. 9613, of March 3, 1998.

COUNCIL FOR FINANCIAL ACTIVITIES CONTROL (COAF)

RESOLUTION No. 005, OF JULY 2, 1999

This resolution sets forth the procedures to be followed by the legal entities that operate bingo and/or similar games.

The Chairwoman of the Council for Financial Activities Control (COAF), in the exercise of the powers conferred upon her by item IV of article 9 of the Bylaws approved by Decree No. 2799, of October 8, 1998, hereby announces that at the plenary meeting held on June 30, 1999, pursuant to article 9, sole paragraph, item VI and article 14 of Law No. 9613, of March 3, 1998, the Council has resolved:

Section I Preliminary Provisions

- Article 1 In order to prevent and fight against crimes of laundering or concealment of assets, rights, and valuables, as referred to in Law No. 9613, of March 3, 1988 and regulated by Decree No. 2799, of October 8, 1998, the legal entities that engage in the operation of bingo and/or similar games shall comply with the provisions set forth in this Resolution.
- Sole Paragraph The provisions of this Resolution shall apply to any legal entity that, either on a permanent or a temporary basis, together or separately, and as their principal or secondary activity, engages in the activities defined in this article.

Section II Prize Winners Identification and Record Keeping

- Article 2 The legal entities referred to in article 1 shall identify all prize winners and maintain updated records of any delivery and/or payment of prizes with values equal to or higher R\$2,000.00 (two thousand Reals).
- Article 3 The records shall contain information on the type of prizes, the description of the assets, the values, the dates of delivery and/or

payment, and, at minimum, the following information about the prize winners:

- I. Name;
- II. Number of identification document, name of the issuing institution and date of issuance or in the case of foreigners, passport or identity card information;
- III. Inscription number in the Natural Persons Registry (CPF, taxpayer identification number);
- IV. Complete residential and commercial addresses; and
- V. A representation that the winner is not related to the sporting entity, to the administrator, or to the operator of the bingo.

Section III

Registration of Administrator Companies

Article 4 The sporting entities, in addition to complying with the requirements set forth in article 91 of Decree No. 2574, of April 29, 1998, shall keep updated records of the following information on the qualification of the owners, controllers and representatives of the bingo's administrators and operators:

- I. Name, sex, date of birth, name of parents, place of birth, nationality, marital status, and name of spouse or companion;
- II. Number of identification document, name of the issuing institution and date of issuance or in the case of foreigners, passport or identity card information;
- III. Inscription number in the Natural Persons Registry (CPF, taxpayer identification number);
- IV. Complete residential and commercial addresses (street, number district, city, State, ZIP code), telephone number; and

V. Past and present principal activity.

Section IV Suspicious Activities

Article 5 The legal entities that operate bingo and/or similar games shall pay special attention to the prizes or distributions that may represent serious indications of or be related to the crimes defined in Law No. 9613/1998, as set forth in the Annex to this Resolution.

Section V Reports to COAF

Article 6 The legal entities that operate bingo and/or similar games shall report to COAF, within twenty-four hours, any delivery and/or payment of prizes, assets and values that may indicate the activities defined in article 5 of this Resolution, abstaining from informing the winners of this act.

Article 7 Reports to COAF imparted in good faith, pursuant to paragraph 2 of article 11 of Law No. 9613/1998 shall not generate any civil or administrative liability.

Article 8 The information referred to in article 6 may be sent electronically.

Section VI General and Final Provisions

Article 9 The legal entities that operate bingo and/or similar games shall:

- I. Keep the records referred to in this Resolution for a minimum period of five years beginning on the date the prize is delivered and/or paid.
- II. Inform COAF the name and qualification of the person responsible for the the compliance with this Resolution, no later than July 30, 1999; and
- III. Comply, at all times, with the requests for information made by COAF.

- Article 10 COAF shall be authorized to establish agreements with the National Institute for the Development of Sports (INDESP), an agency of the Ministry of Sports and Tourism, with the purpose of exchanging information, within the scope of the Law No. 9613/1998.
- Article 11 The failure to comply with the provisions of this Resolution shall result in the application of the sanctions referred to in article 12 of Law No. 9613/1998, which shall be applied by COAF as set forth in Decree No. 2799/1998 and the Administrative Rule of the Minister of Finance No. 330, of December 18, 1998.
- Article 12 COAF shall provide an Internet e-mail address for the delivery of reports.
- Article 13 The Chairperson of COAF is authorized to issue complementary rules to this Resolution, especially in regards to the provisions set forth in Section V – Reports to COAF.
- Article 14 This Resolution shall be implemented on the date of its publication, and it shall come into force on August 2, 1999.

Brasilia, July 2, 1999.

Annex

List of Suspicious Activities

1. A player bets an amount disproportionate to the prize expectation.
2. A monthly accumulation of prizes by the same winner, in more than one drawing, of more than R\$5,000.00 (five thousand Reals).
3. A quarterly accumulation of prizes by the same winner, in more than one drawing, of more than R\$10,000.00 (ten thousand Reals).
4. An annual accumulation of prizes by the same winner, in more than one drawing, of more than R\$30,000.00 (thirty thousand Reals).
5. The payment of prizes of values higher than the amounts collected.
6. Situations in which the winner is connected, at the same time, to the sporting entity and to the entity's administrator and/or operator.
7. Other activities that, due to the features concerning the parties involved, amounts, forms of execution, type of instruments used, or the lack of economic or legal grounds, may indicate or be related to the crimes defined in Law No. 9613, of March 3, 1998.

COUNCIL FOR FINANCIAL ACTIVITIES CONTROL (COAF)

RESOLUTION No. 006, OF JULY 2, 1999

This resolution sets forth the procedures to be followed by the payments cards and credit cards administrators (this resolution also includes the administrators of companies that use magnetic cards).

The Chairwoman of the Council for Financial Activities Control (COAF), in the exercise of the powers conferred upon her by item IV of article 9 of the Bylaws approved by Decree No. 2799, of October 8, 1998, hereby announces that at the plenary meeting held on April 7, 1999, pursuant to article 14 of Law No. 9613, of March 3, 1998, the Council has resolved:

Section I Preliminary Provisions

Article 1 In order to prevent and fight against crimes of laundering or concealment of assets, rights, and valuables, as referred to in Law No. 9613, of March 3, 1988 and regulated by Decree No. 2799, of October 8, 1998, the payment cards and credit cards administrators shall comply with the provisions set forth in this Resolution.

Sole paragraph The provisions of this Resolution shall apply to any legal entity, headquartered or with representatives in Brazil, that engages, either on a permanent or a temporary basis, together or separately, and as their principal or secondary activity, in the activity of administration of payment cards or credit cards in its various modalities.

Section II Customer Identification and Record Keeping

Article 2 The legal entities referred to in article 1 shall identify their customers, and maintain updated records, as set forth in this Resolution.

Article 3 The records shall contain information on those involved in the activity for the adequate verification of their identity, the compatibility among the corresponding funds transfers, their economic activity, and their financial standing.

Section III

Transaction Registration

Article 4 The legal entities referred to in article 1 shall maintain records of all the transactions performed.

Article 5 The monthly invoice record shall contain, at minimum, the following information:

- I. The value and the date of the executed transaction;
- II. The identification of the parties involved and the inscription number in the National Registry of Natural Persons (CPF)— or in the National Registry of Legal Entities (CNPJ, taxpayer identification numbers); and
- III. An indication of the branch of activity.

Section IV

Suspicious Activities

Article 6 The legal entities referred to in article 1 shall pay special attention to transactions or proposed transactions that may represent serious indications of or be related to the crimes defined in Law No. 9613/1998, as set forth in the Annex to this Resolution.

Section V

Reports to COAF

Article 7 The legal entities mentioned in article 1 shall report to COAF, within twenty-four hours, the transactions or proposed transactions referred to in article 6, abstaining from informing their customers of this action.

Article 8 Reports to COAF imparted in good faith, pursuant to paragraph 2 of article 11 of Law No. 9613/1998, shall not generate any civil or administrative liability.

Article 9 Information referred to in Article 7 may be sent electronically.

Section VI

General and Final Provisions

Article 10 The legal entities referred to in article 1 shall:

- I. Keep the records referred to in this Resolution for a minimum period of five years beginning on the date the transaction is concluded;
- II. Inform COAF the name and qualification of the person responsible for the compliance with the obligations established in this Resolution; and
- III. Comply, at all times, with the requests for information made by COAF, concerning participants and transactions.

Article 11 The legal entities that fail to comply with the obligations of this Resolution shall be subject to the sanctions set forth in article 12 of Law No. 9613/1998, which shall be applied by COAF together or separately as set forth in Decree No. 2799/1998 and the Administrative Rule of Minister of Finance No. 330, of December 18, 1998.

Article 12 Before this Resolution becomes effective, COAF shall provide an Internet e-mail address for the delivery of reports.

Article 13 The Chairperson of COAF is authorized to issue complementary rules to this Resolution, especially in regards to the provisions set forth in Section V – Reports to COAF.

Article 14 This Resolution shall be implemented on the date of its publication, and it shall come into force on August 2, 1999.

Brasilia, July 2, 1999.

Annex

List of Suspicious Activities

1. An employee of the payment cards or credit cards administrator fails to comply with registration requirements, which leads to the successful delivery of payment cards or credit cards.
2. A customer provides false identification information or provides information whose accuracy is difficult or expensive to verify.
3. The invoice routinely presents debt balances of significant amounts.
4. A cardholder concentrates his/her purchases in the same establishment without an apparent cause.
5. Frequent requests for the cancellation of transactions, after the invoice has been paid, for the return of the amount paid.
6. Frequent deviations from the standards adopted by each payment card or credit card administrator for monitoring the purchases made by the cardholders.
7. A cardholder routinely surpasses the limits of monthly expenses controlled by the payment cards or credit cards administrators.
8. An accredited establishment presents an increase in credit cards business volume, with no apparent reason.
9. A cardholder makes frequent requests for increases in his/her monthly expense limits, without evidence of an improvement in his/her financial situation.
10. Other activities that, due to the features concerning the parties involved, amounts, forms of execution, type of instruments used, or the lack of economic or legal grounds, may indicate the crimes defined in Law No. 9613/1998.

COUNCIL FOR FINANCIAL ACTIVITIES CONTROL (COAF)

RESOLUTION No. 007, OF SEPTEMBER 15, 1999

This resolution sets forth the procedures to be followed by the commodity exchanges and their brokers.

The Chairwoman of the Council for Financial Activities Control (COAF), in the exercise of the powers conferred upon her by item IV of article 9 of the Bylaws approved by Decree No. 2799, of October 8, 1998, hereby announces that at the plenary meeting held on September 14, 1999, pursuant to paragraph 1 of article 14 of Law No. 9613, of March 3, 1998, the Council has resolved:

Section I Preliminary Provisions

Article 1 In order to prevent and fight against crimes of laundering or concealment of assets, rights, and valuables, as referred to in Law No. 9613, of March 3, 1988 and regulated by Decree No. 2799, of October 8, 1998, the commodity exchanges and their brokers shall comply with the provisions set forth in this Resolution.

Section II Customer Identification and Record Keeping

Article 2 The individuals and legal entities referred to in Article 1 shall identify their members and all participants in their business transactions, and also maintain updated records, as set forth in this Resolution.

Article 3 The records shall contain, at minimum, the following information on the members and transaction participants:

- i. In the case of a natural person:
 - a) Name;
 - b) Complete address (street, number, district, city, State, ZIP code), telephone number;

- c) Number of identification document, name of the issuing institution and date of issuance or, in the case of a foreigner, passport or identity card information;
 - d) Inscription number in the Natural Persons Registry (CPF, taxpayer identification number); and
 - e) Principal activity.
- II. In the case of a legal entity:
- a) Corporate name;
 - b) Inscription number in the National Registry of Legal Entities (CNPJ, taxpayer identification number);
 - c) Complete address (street, number, district, city, State, ZIP code), telephone number;
 - d) Principal activity;
 - e) Name and qualification of legal representatives; and
 - f) Name of parent, subsidiary, or associate entities.

Section III

Transaction Registration

- Article 4 The individuals and legal entities referred to in article 1 shall maintain records of all the transactions executed.
- Article 5 The transaction records shall contain, at minimum, the following information:
- I. A detailed description of the commodities;
 - II. The value of the transaction;
 - III. The form of payment (cash, check, credit card, financing, etc.); and
 - IV. The transaction date.

Section IV

Suspicious Activities

- Article 6 The individuals or legal entities referred to in article 1 shall pay special attention to transactions or proposed transactions that may represent serious indications of or be related to the crimes

defined in Law No. 9613/1998, as set forth in the Annex to this Resolution.

Section V

Reports to COAF

- Article 7 The legal entities mentioned in article 1 shall report to COAF, within twenty-four hours, the transactions or proposed transactions referred to in article 6, abstaining from informing their customers of this action.
- Article 8 Reports to COAF imparted in good faith, pursuant to paragraph 2 of article 11 of Law No. 9613/1998 shall not generate any civil or administrative liability.
- Article 9 The information referred to in Article 7 may be sent electronically, in accordance with the provisions set forth by COAF in the Normative Instruction No. 1, of July 26, 1999.

Section VI

General and Final Provisions

- Article 10 The records and registries referred to in this Resolution shall be kept by the individuals or legal entities defined in article 1 during a minimum period of five years beginning on the date the transaction is concluded.
- Article 11 The individuals or legal entities referred to in article 1 shall comply, at all times, with the requests for information made by COAF concerning their customers and transactions.
- Article 12 Before this Resolution becomes effective, the individuals or legal entities referred to in article 1 shall indicate the name and qualification of the person responsible for the implementation of and compliance with this Resolution.
- Article 13 The legal entities referred to in article 1, as well as their managers, that fail to comply with the obligations of this Resolution shall be subject to the sanctions set forth in article 12 of Law No. 9613/1998, which shall be applied by COAF together or separately, as set forth in Decree No. 2799/1998 and the

Administrative Rule of the Minister of Finance No. 330, of December 18, 1998.

Article 14 The provisions of this Resolution refer exclusively to the sale of commodities in exchange markets, without prejudice to the jurisdiction of the Central Bank of Brazil and the Securities and Exchange Commission in the regulation and surveillance of transactions with financial assets based on commodities or securities prices .

Article 15 The Chairperson of COAF is authorized to issue complementary rules to this Resolution.

Article 16 This Resolution shall be implemented on the date of its publication, and it shall come into force on October 18/1999.

Brasilia, September 15, 1999.

Annex

List of suspicious activities

1. The use of amounts in cash equal to or higher than R\$10,000.00 (ten thousand Reals) in the transactions referred to in this Resolution.
2. Transactions in which the proponent is not willing to comply with registration requirements or tries to induce the person responsible for the business not to keep records or files that could retrace the proposed transaction.
3. Purchase or sale proposals for large quantities of commodities, when the resources or the commodities are of unknown origin.
4. Individuals or legal entities that do not have a history in that market and are dealing with great amounts of money without an apparent justification.
5. A transaction in which the proponent does not seem to have the necessary financial conditions for its settlement, indicating the possibility of a "front" or "cover-up" (a person that lends his/her name for suspicious transactions).
6. Other transactions that, due to their features concerning the parties involved, amounts, forms of execution, type of instruments used, or the lack of economic or legal grounds, may indicate or be related to the crimes defined in Law No. 9613, of March 3, 1998.

COUNCIL FOR FINANCIAL ACTIVITIES CONTROL (COAF)

RESOLUTION No. 008, OF SEPTEMBER 15, 1999

This Resolution sets forth the procedures to be followed by the individuals or legal entities that engage in the commerce of works of art and antiques.

The Chairwoman of the Council for Financial Activities Control (COAF), in the exercise of the powers conferred upon her by item IV of article 9 of the Bylaws approved by Decree No. 2799, of October 8, 1998, hereby announces that at the plenary meeting held on April 7, 1999, pursuant to paragraph 1 of article 14 of Law No. 9613, of March 3, 1998, the Council has resolved:

Section I Preliminary Provisions

Article 1 In order to prevent and fight against crimes of laundering or concealment of assets, rights, and valuables, as referred to in Law No. 9613, of March 3, 1988 and regulated by Decree No. 2799, of October 8, 1998, the individuals or legal entities that engage in the commerce of works of art and antiques shall comply with the provisions set forth in this Resolution.

Sole Paragraph The provisions of this Resolution shall apply to any individual or legal entity that engages, either on a permanent or a temporary basis, together or separately, and as their principal or secondary activity, in trading, importing, exporting, or mediating the purchase or sale of works of art and antiques.

Section II Customer Identification and Record Keeping

Article 2 The individuals or legal entities referred to in article 1 shall identify their customers and maintain updated records, as set forth in this Resolution.

Article 3 The records shall contain, at minimum, the following information about customers:

- I. In the case of a natural person:
 - a) Name;
 - b) Complete address (street, number, district, city, State, ZIP code), telephone number;
 - c) Number of identification document, name of the issuing institution and date of issuance or, in the case of foreigners, passport or identity card information; and
 - d) Inscription number in the Natural Persons Registry (CPF, taxpayer identification number).

- II. In the case of a legal entity:
 - a) Corporate name;
 - b) Inscription number in the National Registry of Legal Entities (CNPJ, taxpayer identification number);
 - c) Complete address (street, number, district, city, State, ZIP code), telephone number;
 - d) Principal activity; and
 - e) Name of parent, subsidiary, or associate entities.

Section III

Transaction Registration

Article 4 The individuals or legal entities referred to in article 1 shall maintain records of all transactions that exceed the amount equivalent to R\$5,000.00 (five thousand Reals).

Article 5 The transaction records shall contain, at minimum, the following information:

- I. A detailed description of each object;

- II. The value of the transaction;

- III. The form of payment (cash, check, credit card, financing, etc.); and

- IV. The transaction date.

Sole Paragraph The transactions that are carried out by the same natural person, legal entity, or group, in the same calendar month, in the same establishment, and exceed, in the aggregate, the limit established in article 4, shall also be registered.

Section IV Suspicious Activities

Article 6 The individuals or legal entities referred to in Article 1 shall pay special attention to transactions or proposed transactions that may represent serious indications of or be related to the crimes defined in Law No. 9613/1998, as set forth in the Annex to this Resolution.

Section V Reports to COAF

Article 7 The individuals or legal entities mentioned in article 1 shall report to COAF, within twenty-four hours, the transactions or proposed transactions referred to in article 6, abstaining from informing their customers of this action.

Article 8 Reports to COAF imparted in good faith, pursuant to paragraph 2 of article 11 of Law No. 9613/1998 shall not generate any civil or administrative liability.

Article 9 The information referred to in article 7 may be sent electronically.

Section VI General and Final Provisions

Article 10 The records and registries referred to in this Resolution shall be kept by the individuals or legal entities defined in article 1 during a minimum period of five years beginning on the date the transaction is concluded.

Article 11 The individuals or legal entities referred to in article 1 shall comply, at all times, with the requests made by COAF thei concerning customers and transactions.

Article 12 The individuals or legal entities referred to in article 1, as well as

their managers, that fail to comply with the obligations of this Resolution shall be subject to the sanctions set forth in article 12 of Law No. 9613/1998, which shall be applied by COAF, together or separately, as set forth in Decree No. 2799/1998 and the Administrative Rule of the Minister of Finance No. 330, of December 18, 1998.

Article 13 The Chairperson of COAF is authorized to issue complementary rules to this Resolution.

Article 14 This Resolution shall be implemented on the date of its publication, and it shall come into force on October 18, 1999.

Brasilia, September 15, 1999.

Annex

List of suspicious activities

1. The use of amounts in cash equal to or higher than R\$10,000.00 (ten thousand Reals) in the transactions referred to in this Resolution.
2. Repeated transactions with values close to the limit established for registering or reporting to COAF.
3. Transactions in which the proponent is not willing to comply with registration requirements or tries to induce those responsible for the business not to keep records or files that could retrace the proposed transactions.
4. Individuals or legal entities that do not have a history in that market and are dealing with large amounts of money for the purchase and sale of the assets defined in this Resolution.
5. Transactions in which the proponent does not seem to have the necessary financial conditions for the transaction, indicating the possibility that he/she is a "front" or "cover-up" (a person who lends his/her name for o suspicious transactions).
6. Transactionsn in which the participant proposes payment by funds transfers between bank accounts located abroad.
7. Proposals of overvaluing or undervaluing in transactions that involve the assets defined in this Resolution.
8. Other transactions that, due to their features concerning the parties involved, amounts, forms of execution, type of instruments used, or the lack of economic or legal grounds, may indicate or be related to the crimes defined in Law No. 9613, of March 3, 1998.

COUNCIL FOR FINANCIAL ACTIVITIES CONTROL (COAF)

RESOLUTION No. 009, OF DECEMBER 5, 2000

This resolution replaces article 3 and item 2 of the Annex to Resolution No. 003, of June 2, 1999, which sets forth the procedures to be followed by the entities that carry out, directly or indirectly, the distribution of any kind of property (including cash, real estate, and goods), by means of lotteries or similar methods, as well as Articles 3, 9 and 10 and items 2, 3 and 4 of the Annex to Resolution No. 005, of July 2, 1999, which sets forth the procedures to be followed by the legal entities that operate bingo and/or similar games.

The Chairwoman of the Council for Financial Activities Control (COAF), in the exercise of the powers conferred upon her by item IV of article 9 of the Bylaws approved by Decree No. 2799, of October 8, 1998, hereby announces that at the plenary meeting held on December 5, 2000, pursuant to article 9, sole paragraph, item VI and article 14 of Law No. 9613, of March 3, 1998, the Council has resolved:

Article 1 Article 3 of COAF Resolution No. 003, of June 2, 1999, shall read as follows:

“Article 3 The records shall provide the following information:

- I. Name;*
- II. Number of identification document, name of the issuing institution and date of issuance or, in the case of foreigners, passport or identity card information;*
- III. Inscription number in the Natural Persons Registry (CPF, taxpayer identification number);*
- IV. Complete residential address;*

Sole Paragraph Besides the identification information, the

records shall provide information about the prize types, the description of the assets, their values and the dates of delivery and/or payment."

Article 2 Item 2 of the Annex to COAF Resolution No. 003, shall read as follows:

"2. Payment of three or more prizes in values equal to or higher than R\$10.000,00 (ten thousand Reals) to the same CPF (taxpayer identification number) holder within twelve months."

Article 3 Articles 3, 9 and 10 of COAF Resolution No. 005, of July 2, 1999, shall read as follows:

"Article 3 The records shall contain the following information:

- I. Name;*
- II. Number of identification document, name of the issuing institution and date of issuance or, in the case of foreigners, passport or identity card information;*
- III. Inscription number in the Natural Persons Registry (CPF, taxpayer identification number);*
- IV. Complete residential address;*
- V. A representation that the winner is not related to the sporting entity, to the administrator, or to the operator of the bingo.*

Sole Paragraph Besides the identification information, the records shall provide information about the prize types, the description of the assets, their value, and the dates of delivery and/or payment."

"Article 9 The legal entities that operate bingo and/or similar games shall:

- I. Inform COAF of the name and qualification of the person responsible for the compliance with the obligations established in article 10 of Law No. 9613/1998;*

- II. *Inform COAF of any change of the person responsible for compliance, as described in the previous item;*
- III. *Comply, at all times, with the requests for information made by COAF;*
- IV. *Keep the records referred to in this Resolution for a minimum period of five years beginning on the date the prizes are delivered and/or paid."*

"Article 10 COAF shall be authorized to establish agreements with the Federal Economic Depositary Bank (Caixa Econômica Federal), with the purpose of exchanging information, within the scope of Law No. 9613/1998."

Article 4 Items 2, 3 and 4 of the Annex to COAF Resolution No. 005, 1999, shall read as follows:

- "2. Prizes accumulated by the same winner within a month, in more than one drawing, of values higher than R\$10.000,00 (ten thousand Reals);*
- 3. Prizes accumulated by the same winner within three consecutive months, in more than one drawing, of values higher than R\$30.000,00 (thirty thousand Reals);*
- 4. Prizes accumulated by the same winner within a year , in more than one drawing, of values higher than R\$60.000,00 (sixty thousand Reals)."*

Article 5 This Resolution shall be implemented and come into force on the date of its publication.

Brasília (DF), December 5, 2000.

RESOLUTION No. 10, OF NOVEMBER 19, 2001

This resolution sets forth the procedures to be followed by non-financial legal entities that provide cash transfer services.

The Chairwoman of the Council for Financial Activities Control (COAF), in the exercise of the powers conferred upon her by item IV of article 9 of the Bylaws approved by Decree No. 2799, of October 8, 1998, hereby announces that at the plenary meeting held on November 19, 2001, pursuant to paragraph 1 of article 14 of Law No. 9613, of March 3, 1998, the Council has resolved:

Section I Preliminary Provisions

Article 1. In order to prevent and fight against crimes of laundering or concealment of assets, rights, and valuables, as referred to in Law No. 9613, of March 3, 1998 and Decree No. 2799, October 8, 1998, the non-financial legal entities that provide cash transfer services in Brazil or abroad shall comply with the provisions set forth in this Resolution.

Sole Paragraph. The provisions of this Resolution shall apply to the representatives or agents of the legal entities referred to in this article, as well as the entities that engage, either on a permanent or temporary basis, together or separately, as their principal or secondary activity, in cash transfer activities.

Section II Transaction Registration

Article 2. The legal entities referred to in article 1 shall identify their customers and maintain records of all the transactions they perform.

Article 3. The records shall contain, at minimum, the following information:

- I. the cash transfer amount;
- II. the form of payment (cash, check, credit card, etc.);
- III. the date of the transaction;
- IV. the purpose of the transfer;
- V. the name, the Inscription Number in the Natural Persons Registry (CPF) or the National Registry of Legal Entities (CNPJ), and the identification document of the sender and the recipient of the cash transfer;
- VI. the location of the origin and the destination of the cash transfer.

Section III **Suspicious Activities**

Article 4. The legal entities referred to in article 1 shall pay special attention to transactions or proposed transactions that may represent serious indications of or be related to the crimes defined in Law No. 9613, of 1998, as set forth in the Annex to this Resolution.

Section IV **Reports to COAF**

Article 5. The legal entities referred to in article 1 shall report to COAF the transactions or proposed transactions referred to in article 4, within twenty-four hours after detecting the fact, and they shall not inform their customers of such reports.

Article 6. Reports to COAF made in good faith, pursuant to paragraph 2 of article 11 of Law No. 9613, of 1998, shall not generate any civil or administrative liability.

Article 7. The information referred to in article 5 may be sent electronically, provided they comply with the provisions set forth in COAF's Normative Instruction No. 001, of July 26, 1999.

Section V

General and Final Provisions

- Article 8. The records and registries referred to in this Resolution shall be kept by the legal entities mentioned in article 1 during a minimum period of five years beginning on the date the transaction is concluded.
- Article 9. The legal entities referred to in article 1 shall comply, at all times, with the information requests made by COAF concerning their transactions.
- Article 10. The legal entities referred to in article 1 shall inform COAF of the name of the person who shall be responsible for the implementation of and the compliance with the provisions set forth in this Resolution.
- Article 11. The legal entities referred to in article 1, as well as their managers, that fail to comply with the provisions set forth in this Resolution shall be subject to the sanctions set forth in article 12 of Law No. 9613 of 1998, which shall be applied by COAF together or separately, as set forth in Decree 2799 of 1998 and the Administrative Rule of the Minister of Finance No. 330, of December 18, 1998.
- Article 12. The provisions set forth in this Resolution apply exclusively to the reports and records of transactions in accordance with Law No. 9613, of March 3, 1998, without prejudice to the jurisdiction of the Central Bank of Brazil to regulate and monitor the transactions that are subject to registration requirements in that bank.
- Article 13. The legal entities referred to in article 1 of this Resolution shall develop and implement control procedures that guarantee the faithful compliance with the provisions stated herein.
- Article 14. The Chairperson of the Council shall be authorized to enact complementary instructions to this Resolution.
- Article 15. This Resolution shall come into force sixty days after its publication.

Annex

List of Suspicious Activities

- 1) Transactions performed for individuals or legal entities within a period of 30 (thirty) days that surpass the amount of R\$10,000.00 (ten thousand Reals).
- 2) Requests for cash transfers of amounts equal to or higher than R\$5,000.00 (five thousand Reals) that the sender pays in cash or through checks issued by several individuals or entities.
- 3) Transactions in which the sender or the recipient is not willing to comply with the registration or identification requirements, presents doubtful or false documents, or tries to induce the employee of the cash transfer entity not to register such transactions.
- 4) The use of different locations for transactions on behalf of the same customer or recipient.
- 5) Sudden and evidently unjustifiable changes in the amount or the frequency of cash transfers one customer usually sends or receives.
- 6) Transactions that are repetitive or involve high amounts and are originated from or destined to regions that are defined in the normative instructions as " tax havens" or cities located in border regions.
- 7) Transactions that involve individuals or legal entities that do not seem to have the financial conditions for the transaction or that do not seem to be acting on their own behalf, indicating the possibility that they are a " front" or " cover-up" (persons that lend their names for illegal activities).
- 8) Transactions that, due to their frequency, amounts or form of execution, suggest schemes used to avoid registration systems.
- 9) Individuals and/or legal entities, which do not have a market history, that perform international transfers involving high amounts of cash.
- 10) Sudden and unjustifiable increases of the total amounts of transactions or transfers that occur in a certain city or region.
- 11) Other transactions that, due to the parties involved, amounts, or lack of economic or legal grounds, may indicate or be related to the crimes defined in Law 9613, of March 3, 1998.

COUNCIL FOR FINANCIAL ACTIVITIES CONTROL (COAF)

CIRCULAR LETTER No. 001/2001

RE: GAFI/FATF – Preventive measures against money laundering

The Financial Action Task Force on Money Laundering (GAFI/FATF), based on its Recommendation 21 – “ Financial institutions should give special attention to business relations and transactions with persons, including companies and financial institutions, from countries which do not or insufficiently apply these Recommendations. Whenever these transactions have no apparent economic or visible lawful purpose, their background and purpose should, as far as possible, be examined, the findings established in writing, and be available to help supervisors, auditors and law enforcement agencies” – recently issued a document suggesting that the financial institutions of the countries that are members* of FATF should give special attention to activities and transactions with individuals or legal entities residing or established in the group of countries or territories which are considered as non-cooperative countries in relation to the prevention and repression of money laundering.

These countries and territories are the following: Bahamas, Cayman Islands, Cook Islands, Dominica, Philippines, Israel, Lebanon, Liechtenstein, Marshall Islands, Nauru, Niue, Panama, Russia, St. Kitts and Nevis, and St. Vincent and the Grenadines.

Pursuant to the preventive legislation concerning money laundering, COAF then recommends that the individuals or entities referred to in article 9 of Law 9613, of March 3, 1998, give special attention to transactions in which the counterparts reside or are established in the countries and territories mentioned.

Brasília, February 20, 2001.

* The FATF members are: Argentina, Australia, Austria, Belgium, Brazil, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong (China), Iceland, Ireland, Italy, Japan, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, Turkey, United Kingdom, United States, and two international organizations (European Commission and Gulf Cooperation Council).

COUNCIL FOR FINANCIAL ACTIVITIES CONTROL (COAF)

CIRCULAR LETTER No. 002/2001

RE: GAFI/FATF – PREVENTIVE MEASURES AGAINST MONEY LAUNDERING. ENFORCEMENT OF THE GAFI/FATF RECOMMENDATION No. 21 – REVIEW OF THE LIST OF NON-COOPERATIVE COUNTRIES.

The Council for Financial Activities Control (COAF) in compliance with the Recommendation No. 21 of the Financial Action Task Force on Money Laundering (GAFI/FATF), published on February 20, 2001 the Circular Letter No. 001/2001, recommending that the legal entities defined in article 9 of Law No. 9613, of March 3, 1998, give special attention to transactions in which the counterparts reside or are established in countries and territories that are considered as non-cooperative in regard to prevention and repression of money laundering.

2. The GAFI/FATF, at its last plenary meeting held in June 2001, has decided to remove from the non-cooperative countries and territories list the following: Panama, Bahamas, Cayman Islands, and Liechtenstein.
3. At that plenary meeting, the GAFI/FATF has also decided to include other jurisdictions in the list of non-cooperative countries, because they have not adopted efficient measures against money laundering.
4. Therefore, the new list of non-cooperative countries and territories is the following: Cook Islands, Dominica, Egypt, Guatemala, Hungary, Indonesia, Israel, Lebanon, Marshall Islands, Myanmar, Nauru, Nigeria, Niue, Philippines, Russia, St. Kitts and Nevis, and St. Vincent and the Grenadines.
5. In compliance with the preventive legislation on money laundering, the Council for Financial Activities Control (COAF) ratifies the recommendation set forth in Circular Letter No. 001/2001, of February 20, 2001, in regard to the new list of non-cooperative countries referred to in item 4 above.

Brasília, August 24, 2001.

COUNCIL FOR FINANCIAL ACTIVITIES CONTROL (COAF)

NORMATIVE INSTRUCTION No. 001, OF JULY 26, 1999

This normative instruction addresses the electronic reporting to the Council for Financial Activities Control.

The Chairwoman of the Council for Financial Activities Control (COAF), in the exercise of the powers conferred upon her by item IV of article 9 of the Bylaws of the Council, approved by Decree No. 2799, of October 8, 1998, hereby announces that, pursuant to paragraph 2 of article 14 of Law No. 9613, of March 3, 1998, the article 11 of the Bylaws mentioned, and the provisions of the Resolutions issued by the Council's plenary meeting, she has resolved:

- Article 1 The legal entities referred to in article 9 of Law No. 9613, of March 3, 1998, whose acts, for the purposes of that Law and pursuant to its paragraphs 3 of article 10 and 1 of article 14, have been the object of rules and regulations issued by COAF, shall comply with the provisions of this Normative Instruction, whenever they file their reports electronically to COAF.
- Article 2 The reports to COAF shall be preferably made electronically by observing the provisions of this Normative Instruction.
- Article 3 The impossibility to send the reports to COAF electronically shall be no justification for not sending them at all. In that case, any other means of communication available must be used, always in accordance with the time limits referred to in item II of article 11 of Law No. 9613/1998.
- Sole Paragraph. For the purposes established above, COAF's address is: SAS – Quadra 3, Bloco O, Edifício Órgãos Regionais do Ministério da Fazenda – 7o. andar – Brasília – DF – 70070-100, Brazil, and the fax number is (55 61) 226-0641.
- Article 4 COAF's Web site for the purpose of sending reports is <http://www.fazenda.gov.br/coaf>.
- Article 5 In order to enable the reception of the reports, COAF shall offer the following options at its Internet site:

- I. A form, applicable to all economic activities; and
- II. An application specific to each economic activity.

Sole Paragraph The application referred to in item II above shall be made available in the form of electronic files for download.

Article 6 COAF shall issue an electronic receipt of the reports sent electronically.

Article 7 Whenever COAF requests supplementary information relating to a report previously sent, the application mentioned in item II of article 5 shall be preferably used instead of the form mentioned in item I .

Article 8 The Council's e-mail address coaf@fazenda.gov.br may be used to send any other information to or request information from the Council.

Article 9 This Normative Instruction shall come into force on the date of its publication.

Brasilia, July 26, 1999.

CENTRAL BANK OF BRAZIL

CIRCULAR No. 2852, OF DECEMBER 3, 1998

This circular sets forth the procedures to be followed in preventing and fighting against activities related to the crimes defined in Law No. 9613, of March 3, 1998.

The Collegiate Board of Directors of the Central Bank of Brazil, at the meeting held on December 2, 1998, based on the provisions set forth in articles 10 and 12 of Law No. 9613, of March 3, 1998,

HAS RESOLVED:

Article 1 The financial institutions and other institutions authorized to operate by the Central Bank of Brazil shall:

- I. Maintain updated records on their respective customers, complying, as the case may be, with the requirements and responsibilities set forth in Resolution No. 2025, of November 24, 1993, and amendments;
- II. Maintain consolidated internal controls and records that make it possible to verify not only the precise customer identification, but also the compatibility among the respective customer's fund transfers, economic activity, and financial standing;
- III. Maintain records, as established by the Central Bank of Brazil, of transactions involving Brazilian and foreign currency, securities, metals, and any other assets that may be converted into money.

Paragraph 1 In addition to the institutions and entities referred to in article 1, the provisions of this Circular shall apply to:

- I. *Consórcios* (consumer funds commonly held and managed for the acquisition of consumer goods);

- II. Persons accredited or authorized by the Central Bank of Brazil to operate in the Floating Rates Exchange Market, including entities and companies that issue international credit cards, tourism agencies, and tourism lodging companies;
- III. Agencies, branches, offices, and representatives of financial institutions, which have their main office abroad but are also established in Brazil.

Paragraph 2 In the case of corporate customers, the records mentioned in item I of Article 1 shall include information on the natural persons authorized to represent such corporations, as well as on their controllers.

Paragraph 3 Notwithstanding the provisions of item III of Article 1, the following transactions shall be recorded:

- I. Transactions that are performed with the same person, conglomerate or group, in the same calendar month, and exceed, for each institution or entity, in the aggregate, the limits set forth in item I of Article 4;
- II. Transactions, in which the account holder shows credits or debits that due to their customary character, value or form suggest a scheme to defraud the identification mechanisms mentioned in this Circular Letter.

Article 2 In addition to the provisions set forth in article 1, the legal entities mentioned there shall give special attention to the transactions or proposed transactions that, due to the features concerning the parties, amounts, forms of execution and instruments used, or the absence of economic or legal grounds, may indicate or be related to the crimes defined in Law No. 9613, of March 3, 1998.

Sole Paragraph For the purposes of the provisions of article 2, the Foreign Exchange Department (DECAM), the Supervision and Inspection Department (DEFIS), and the Financial System Regulation Department (DENOR) shall publish regulations describing the transactions and the situations that may suggest the practice of the crimes defined in Law No. 9613/1998.

- Article 3 The files and records mentioned in article 1 shall be maintained for a minimum period of five (5) years beginning on the first business day of the year subsequent to the closing of the current accounts or the conclusion of transactions.
- Article 4 The Central Bank of Brazil shall be notified, in the form it shall determine, of transactions that present the features described in article 2 and which are the following::
- I. Transactions mentioned in item III of Article 1 for amounts equal to or higher than R\$10,000 (ten thousand Reals);
 - II. Transactions mentioned in item I of paragraph 3 of article 1;
 - III. Transactions or proposed transactions mentioned in article 2.
- Paragraph 1 The reports to the Central Bank mentioned in article 4 shall be made without informing the parties involved of such reports.
- Paragraph 2 The reports imparted in good faith as set forth in paragraph 2 of article 11 of Law No. 9613/98 shall not generate any civil or administrative liability for the institutions and entities mentioned in article 1, or their controllers, officers and employees.
- Article 5 The institutions and entities mentioned in article 1 shall develop and implement internal control procedures to detect transactions that suggest the occurrence of the crimes defined in Law No. 9613/98, and they shall also provide adequate training for their employees.
- Article 6 The institutions and entities mentioned in article 1 , including their officers and employees, that fail to comply with the obligations established in this Circular shall be subject to the sanctions set forth in article 12 of Law No. 9613/98, which shall be applied, together or separately, by the Central Bank of Brazil, as set forth in Decree No. 2799, of October 8, 1998.
- Article 7 The institutions and entities mentioned in article 1 shall inform the Central Bank of Brazil the director or manager, as the case may be, who will be responsible for the implementation of and

compliance with the provisions set forth in this Circular, as well as for the reports mentioned in article 4.

Article 8 This Circular shall come into force on the date of its publication and shall be effective as from March 1, 1999, when Circular No. 2207, of July 30, 1992, shall be revoked.

Brasília, December 3, 1998

CENTRAL BANK OF BRAZIL

CIRCULAR No. 2826, OF DECEMBER 4, 1998

This circular publishes a list of transactions and situations that may suggest the occurrence of the crimes referred to in Law No. 9613, of March 3, 1998, and sets forth the procedures for the reports to the Central Bank of Brazil.

The transactions or situations described below, in view of the parties involved, amounts, forms of execution, instruments used, and lack of economic or legal grounds, may suggest the occurrence of the crimes referred to in Law No. 9613, of March 3, 1998, pursuant to the provisions of paragraph 1 of article 2 and article 4 of Circular No. 2852, of December 3, 1998:

- I. Situations related to cash or traveler's checks transactions:
 - a) Transactions with amounts that exceed the limit established by item I of Article 4 of Circular No. 2852/98, or with lower amounts which, due to their customary character and form, suggest a scheme to avoid reaching said limit;
 - b) Withdrawals with insufficient funds, which are covered on the same day;
 - c) Transfers made by individuals or legal entities, whose transactions or businesses are normally settled by means of checks or other forms of payment;
 - d) Substantial increases in the volume of deposits of any individual or legal entity, with no apparent cause, especially when such deposits are subsequently transferred, within a short period of time, to a destination not previously related to the customer;
 - e) Deposits made in several parts, so that each separate deposit is not significant, but the total amount is;
 - f) Exchange of large quantities of small denominations bank notes for high denomination ones;
 - g) Proposals for the exchange of large amounts of Brazilian currency for foreign currency and vice versa;
 - h) Deposits containing counterfeit bank notes, or made with falsified documentation;

- i) Deposits of large amounts using electronic means or other means that avoid direct contact with the bank personnel;
 - j) Purchases of traveler's checks and banker's checks, drafts, and other instruments in large quantities—separately or in group—, regardless of the amounts involved, without evidence of a clear purpose;
 - k) Fund transfers in places located in the country's borders;
- II. Situations related to the maintenance of current accounts:
- a) Fund transfers in amounts not compatible with the customer's net worth, economic activity, professional occupation, or presumable financial standing;
 - b) Resistance to provide the information needed to open an account, the provision of false information or information that is difficult or expensive to verify;
 - c) Customary activities on behalf of third parties or which do not disclose the true identity of their beneficiaries;
 - d) Numerous accounts for deposits in the name of the same customer, so that the aggregate balances of deposits result in a significant amount;
 - e) Accounts that do not seem to derive from a customer's normal activity or business, since they are used to receive and pay significant amounts with no clear indication of purpose or relation to the account holder or to his/her business;
 - f) The existence of a regular procedure for the consolidation of funds coming from accounts maintained in different financial institutions in the same location, prior to the requests for their corresponding transfers;
 - g) Withdrawals of a significant amount from an account which was previously not very active or from an account that received an unusual deposit;
 - h) Simultaneous and joint uses of separate bank tellers for the performance of large cash or foreign exchange transactions;
 - i) Preference for the use of vaults, bank-closed packages of money for deposits and withdrawals, or the systematic use of safe-deposit boxes in banks;
 - j) Refusals of certain rights, interests, or profitable advantages, such as credit facilities, high yield interests for large balances, or of other special bank services which, in normal circumstances, would be valuable for any customer;
 - k) Sudden and apparently unjustified changes in the form of fund transfers and/or in the type of transactions used;

- l) Unexpected payments of a problematic loan with no apparent explanation for the origin of funds;
 - m) Frequent requests for higher limits to make some transactions possible;
 - n) Actions which have the purpose of inducing an employee of the institution not to keep files or specific reports on some transaction performed;
 - o) Receipts of funds and the immediate purchase of traveler's checks, drafts, or other instruments to make payments to third parties;
 - p) Receipts of deposits in checks and/or in cash, from different locations, transferred to third parties;
 - q) Transactions involving non-resident customers;
 - r) Requests to facilitate the granting of loans—especially those related to real estate—when the customer's source of income is not clearly identified;
 - s) The opening of or transactions with an account by means of a power of attorney or other proxy instrument;
 - t) The opening of an account in a bank branch located in an international passenger facility—airport, bus central station, or port—or in points of tourist attraction, unless such account belongs to the owner, partner, or employee of a company regularly operating in such facility;
 - u) Proposals for opening a current account by presenting identification documents and inscription number in the Natural Persons Registry (CPF, taxpayer identification number) issued in a border region, or by a person resident, domiciled, or who has any economic activity in border countries;
 - v) Transactions between current accounts that display credits and debits that, due to their customary character, amount and form, suggest a scheme to avoid the identification of the persons responsible for the deposits or beneficiaries of the withdrawals;
- III. Situations related to international activities:
- a) Transactions or proposed transactions, either directly or indirectly, in which the foreign person is a resident, domiciled or has his/her main office in a region considered to be a fiscal haven, or in places where the crimes mentioned in article 1 of Law No. 9613/98 are customary;
 - b) Requests for unusual or undue arrangements for the trading of foreign currency;
 - c) Transactions on behalf of a person who has no prior relationship with or is unknown to the bank and has banking and financial

- relations in another city;
- d) Import and export prepayments by a company with no history in the market or whose financial evaluation is not compatible with the amounts traded;
- e) Transactions in gold by dealers with no history in this trade;
- f) The use of credit card in amounts not compatible with the cardholder's financial condition;
- g) Frequent unrequited transfers or unrequited transfers of high amounts, especially as donations;

IV. Situations related to the institutions' employees and their representatives:

- a) An unexpected change in the lifestyle or behavior of an employee or representative;
- b) An unexpected change in an employee's or representative's operating results;
- c) Any transaction performed by an employee or representative—whenever the identity of the final beneficiary is unknown—which is contrary to the normal procedure for this type of transaction;

2. Pursuant to article 4 of Circular No. 2852/98, the reports of the situations mentioned in this Circular, as well as of other unmentioned situations that may also suggest the occurrence of the crimes defined in Law No. 9613/98, shall be made through a Central Bank of Brazil Information System (SISBACEN) transaction, which shall be timely published by the business day following their occurrence. While such transaction is not published, said report shall be made to the Supervision and Inspection Department (DEFIS), through the System's PMSG750 transaction.

3. In order to comply with item III of article 1 of Circular No. 2852/98:

- I. The information related to the transactions mentioned there shall be maintained at the disposal of the Central Bank of Brazil including, at minimum, the following:
 - a) The type of transaction;
 - b) The amount in Reals;
 - c) The execution date;
 - d) The account holder's inscription number in the Natural Persons Registry (CPF) or the National Registry of Legal Entities (CNPJ) (taxpayer identification numbers);

- II. For the purpose of this Circular, the total credit and debit transactions performed in the country shall be taken into consideration, including:
 - a) Deposits of any nature;
 - b) Placement of securities issued by the institution itself or of investment fund shares;
 - c) Sales of precious metals;
 - d) Sales of banker's or traveler's checks;
 - e) Money orders;
 - f) Early payment or amortization of loans.
 - III. In regard to the transactions that involve international transfers and those related to payments and receipts resulting from the use of international credit cards, the SISBACEN registration procedures shall be followed and the reports to the Central Bank of Brazil shall be made as set forth in the current exchange regulations.
4. This Circular shall come into force on the date of its publication and shall produce effects concerning the adoption of the procedures and measures referred to in paragraphs 2 and 3 herein as from March 1, 1999.

Brasília, December 4, 1998.

CENTRAL BANK OF BRAZIL

CIRCULAR No. 3030, OF APRIL 12,2001

This Circular addresses the identification and the registration of transactions that involve check deposits and the settlement of checks deposited in another financial institution, as well as the issuance of fund transfer instruments.

The Collegiate Board of Directors of the Central Bank of Brazil, at the meeting held on April 11, 2001, based on item VI of article 11 of Law No. 4595, of December 31, 1964, and articles 10 and 11 of Law No. 9613, of March 3, 1998, HAS DECIDED:

- Article 1. To make it obligatory for the financial institutions to identify and register the transactions corresponding to the reception of check deposits and the settlement of checks deposited in another financial institution, in accordance with the following:
- I. for check deposits:
 - a) the institution that receives the deposit shall record, at minimum, the information on the amount and the number of the check deposited, as well as the institution's clearing code and the branch and account numbers of the institution that is making the payment;
 - b) the institution that makes the payment shall record, at minimum, the information on the amount and the number of the check, as well as the institution's clearing code and the branch and account numbers of the institution that is receiving the deposit;
 - II. for checks used in a simultaneous transaction of payment and deposit within the same institution, in order to transfer funds from the originator's deposit account to a third party's deposit account, the institution shall, at minimum, record the information on the amount and the check number

which is being paid, and the branch and account numbers that respectively make and receive the payment.

Paragraph 1. The provisions in this article also apply to the reception of registered checks, money orders, and other settlement documents of the same nature.

Paragraph 2. For the purpose of this article, item I, subitem " b", the institution that receives the payment shall provide the institution that is making the payment with the information on its clearing code and the numbers of the branch and account that receives the deposits.

Article 2. The financial institutions shall keep records of the registered checks issued, money order checks, money orders, credit documents (DOC) and other fund transfer instruments, when they are equal to or higher than R\$1,000.00 (one thousand Reals), in such manner as to provide, at minimum, the identification of:

- I. the type and the number of the document issued, the transaction date, the name and the taxpayer identification number (CPF for individuals and CNPJ for legal entities) of senders and receivers;
- II. in the case of payments in check, the institution's clearing code, the number of the branch and the account that is paying the check used for such payment, including checks drawn against the same institution that issues the instruments referred to in this article;
- III. in the case of credit documents, the institution's clearing code that receives the payment and the numbers of the branch and deposit account that is receiving the payment;
- IV. in the case of money orders:
 - a) to credited to an account, the numbers of the branch and deposit account that is receiving the payment;
 - b) to be paid in cash: the number of the branch that is

receiving the payment and the taxpayer's identification number (CPF or CNPJ) of the recipient of payment.

- Article 3. In funds transfer operations performed through credit documents and money orders to be credited to a deposit account, for any amount, the taxpayer identification number (CPF or CNPJ) shall be identified in the respective document. The financial institution and the branch(es) that is (are) receiving the payment shall then verify the correspondence between that number and the recipient deposit account.
- Article 4. The institution shall mandatorily provide the individual or the legal entity making the deposit with a proof of deposit.
- Article 5. The identification and the registration of deposits, checks and other documents referred to in this Circular shall be kept in the form of physical or electronic files at the disposal of the Central Bank of Brazil for a minimum period of five years beginning on the year subsequent to the year the transaction was closed.
- Article 6. The financial institutions shall adequate their procedures to the provisions of this Circular by April 30, 2001.
- Article 7. For deposit accounts belonging to individuals or legal entities, investment funds or other collective investment entities residing, domiciled or with main offices abroad, in addition to the provisions of this Circular, the specific procedures set forth for the activities in these accounts in the current rules and regulations shall also apply.
- Article 8. The compliance with the provisions of this Circular shall not exempt the financial institutions from complying with other legal or regulated obligations referring to record keeping of documents and information on funds transfers carried out through those institutions.
- Article 9. The failure to comply with the provisions of this Circular shall subject the breaching institution and its managers to the sanctions set forth in article 44 of Law No. 4595, of December 31, 1964.

Article 10. This Circular shall come into force on the date of its publication.

Article 11. This Circular revokes Circulars No. 3012, of November 6, 2000, and No. 3028, of February 28, 2001.

Brasília, April 12, 2001.

THE PRIVATE INSURANCE SUPERINTENDENCY (SUSEP)

CIRCULAR N° 181, OF JANUARY 8, 2002

This circular addresses the customer identification and record keeping procedures, the list of suspicious activities, the reports of financial transactions, and the administrative liability referred to in Law No. 9613, of March 3, 1998.

THE SUPERINTENDENT OF THE PRIVATE INSURANCE SUPERINTENDENCY (SUSEP), pursuant to item XII of article 10 of SUSEP's Internal Regulations, which was approved by Resolution CNSP No. 6, of October 3, 1988, the provisions in articles 10, 11, 12, and 13 of Law No. 9613, of March 3, 1998, and the information of SUSEP Administrative Proceeding No. 10001416/99-58,

HAS RESOLVED:

- Article 1 To address the customer identification and record keeping procedures, the list of suspicious activities, the reports of financial transactions, and the administrative liability referred to in Law No. 9613, of March 3, 1998.
- Article 2 The provisions in this Circular shall apply to the Insurance Companies, Capitalization Companies, Private Pension Funds, Insurance Brokers, Capitalization Brokers, Private Pension Fund Brokers, Local Reinsurers, Representative Offices of Authorized Reinsurers, and Reinsurance Brokerage Houses.

CHAPTER I CUSTOMER IDENTIFICATION AND RECORD KEEPING

- Article 3 The individuals and the legal entities referred to in article 2 shall keep identification information on their customers, and their customers' beneficiaries and representatives, and they shall also keep a copy of the documents on which that information is based.

- Paragraph 1 Without prejudice to the provisions of SUSEP Circular No. 74,

of January 25, 1999, the identification information shall contain, at minimum, the following information:

- I In the case of a natural person:
 - a) Complete name, sex, date of birth, place of birth, nationality, marital status, name of parents, name of spouse or companion;
 - b) Type and number of identification document, name of the issuing institution, and date of issuance;
 - c) Inscription number in the Natural Persons Registry (CPF/MF-taxpayer identification number);
 - d) Complete address (street, number, district, city, State, ZIP code), area code and telephone number;
 - e) Professional occupation.

- II In the case of a legal entity:
 - a) Corporate name;
 - b) Principal activity;
 - c) Inscription number in the National Registry of Legal Entities (CNPJ-taxpayer identification number);
 - d) Complete address (street, number, district, State, ZIP code), area code and telephone number.

Paragraph 2 If the customer is a legal entity, the identification information requirements shall also apply to the natural persons authorized to represent said legal entity, as well as their controllers.

Paragraph 3 The customer identification information shall be continuously updated.

Article 4 The individuals and legal entities referred to in article 2 shall keep records and files of the documents that attest the transactions they carry out with cash convertible assets for transactions which are equal to or higher than R\$ 30,000.00 (thirty thousand Reals).

Sole Paragraph The provisions in this article shall apply to the transactions which are made in the same calendar month, with the same individual, conglomerate or group, and for an aggregate amount that surpasses the limit specified above.

Article 5 The records, registries and documents referred to in articles 3 and 4 shall be kept at SUSEP's disposal for a minimum period of five years, beginning on the date the transaction is concluded.

CHAPTER II SUSPICIOUS ACTIVITIES

Article 6 The activities or the situations mentioned below may indicate the occurrence of the crimes defined in Law No. 9613, of March 3, 1998:

- I Situations related to the activities performed by the individuals or legal entities mentioned in article 2:
 - a) Sudden increases in revenues without an apparent cause;
 - b) Sudden and apparently unjustified changes in the form of fund transfers and/or in the type of transactions used;
 - c) Financial or commercial transactions with persons residing or domiciled in the " non-cooperative countries" mentioned in the list published by SUSEP or in locations where the practice of the crimes defined in Law No. 9613/1998 is customary;
 - d) Payments of commissions, indemnities, premiums, or contributions which are not included in the insurance or reinsurance coverage contracted;
 - e) The use of intermediaries when they are not necessary for the execution of the transactions;
 - f) The intermediaries present proposals which are different from the ones previously agreed upon with the customers;
 - g) Purchases, sales, or investments of properties or assets for a value significantly higher or lower than market prices;
 - h) Transactions that involve customers who do not reside in Brazil;
 - i) Records are not kept on the transactions performed;
 - j) Renovations of contracts made without customers' knowledge and/or consent;
 - k) High amounts of administrative expenses.

- II Situations related to the activities of the Insurance and Reinsurance Companies:
 - a) To overvalue the indemnities to be paid for losses;
 - b) To overvalue the amounts insured;
 - c) Indemnity payments for losses for which there are no documented evidence of their occurrence;
 - d) The issuance of a policy for the coverage of an event that has already occurred;
 - e) The issuance of a policy of nonexistent assets or persons;
 - f) The issuance of a policy on behalf of a dead person;
 - g) The registration of losses before their actual occurrence;
 - h) Payments of indemnities which are not included in the insurance policy coverage;
 - i) Payments of indemnities to third parties who are not related to the customers;
 - j) Payments of indemnities of amounts higher than those declared in the policy;
 - k) Payments or receipts of remunerations which have no connection with the commercial premiums established by the Company;
 - l) Transactions in which the insured parties are unknown;
 - m) Abnormal loss events.

- III Situations related to the activities of the Capitalization Companies:
 - a) Draws which are manipulated on behalf of specific holders;
 - b) Holders who are awarded prizes two or more times;
 - c) Transfers of ownership of assets drawn;
 - d) The trading of closed series.

- IV Situations related to the activities of the Private Pension Funds:
 - a) Loans are granted to nonexistent or dead participants;
 - b) Pension plans are made on behalf of nonexistent or dead persons;
 - c) Customary grants of loans which are not paid back.

- V Acts of shareholders or managers:
 - a) Acquisitions of shares of stocks or capital increases

made by persons that do not have the compatible net worth;

- b) Financial or commercial transactions or managers who reside in the “ non-cooperative countries” mentioned in the list published by SUSEP or locations where the practice of the crimes defined in Law No. 9613/1998 is customary.

VI Acts of customers:

- a) Early cancellations of policies with the reimbursement of the premiums to the insured parties without a clear purpose or in circumstances which are apparently unusual, especially when the payments are made in cash or the reimbursements are made on behalf of third parties;
- b) Individuals that make their identification difficult;
- c) Legal entities that make their identification difficult by failing to deliver the contracts and/or the proofs of their bank accounts;
- d) Foreign customers contract services rendered by the individuals and legal entities referred to in article 2, when there is no justification for them not to contract these services in their countries of origin;
- e) Insurance proposals for the coverage of assets which are known to be directly or indirectly related to the crimes defined in article 1 of Law No. 9613/1998;
- f) Proposals which diverge from the usual demands of insured parties;
- g) Proposals which diverge from the normal conditions of the market where the insured parties or brokers act;
- h) The same insured parties contract several policies of small values, soon after they cancel them and receive the corresponding reimbursements;
- i) Indications of beneficiaries who apparently are not related with the insured parties;
- j) Business holders change immediately before a loss event;
- k) High premiums are paid in cash;
- l) Overpayments of premiums with the subsequent requests for the reimbursement of the difference;
- m) Payments of premiums with checks or money orders of persons other than the insured parties;

- n Assignments of indemnities or benefits to beneficiaries who apparently are not related with the customers.

CHAPTER III TRANSACTIONS REPORT

- Article 7 The individuals and legal entities referred to in article 2 shall report to the Superintendency of Private Insurance Companies, within twenty-four hours beginning on their occurrence, the following events:
- I All the transactions included in article 4, which, due to their features concerning the parties involved, amounts, form of execution, types of instruments used, or the lack of economic or legal grounds, may represent serious indications of the crimes defined in Law No. 9613/1998;
 - II Transactions or proposed transactions included in article 6 of this Circular.
- Paragraph 1 The individuals and legal entities shall make the reports referred to in this article through the form available at SUSEP's Web site (www.susep.gov.br), abstaining from informing their customers of this reporting.
- Paragraph 2 Reports made in good faith, pursuant to paragraph 2 of article 11 of Law No. 9613/1998, shall not generate any civil or administrative liability to the companies and entities referred to in article 2, as well as their controllers, managers, and employees.
- Article 8 The individuals and legal entities referred to in article 2 shall develop and implement internal control procedures for the detection of transactions that indicate the occurrence of the crimes defined in Law No. 9613/1998, by promoting the adequate training of their employees.

CHAPTER IV ADMINISTRATIVE RESPONSIBILITY

- Article 9 The individuals and legal entities referred to in article 2, as well

as their managers, that fail to comply with the provisions of this Circular shall be subject to the sanctions set forth in article 12 of Law No. 9613/1998, which shall be applied together or separately by the Superintendency of Private Insurance Companies (SUSEP), pursuant to the Annex to Decree No. 2799, of October 8, 1998.

Article 10 This Circular shall come into force on the date of its publication.

Article 11 This Circular revokes SUSEP Circular No. 89, of April 8, 1999.

Rio de Janeiro, January 8, 2002.

SECURITIES AND EXCHANGE COMMISSION (CVM)

INSTRUCTION No. 301, OF APRIL 16, 1999

This instruction addresses the identification, registration, activities, reports, limits, and administrative liability referred to in items I and II of article 10, items I and II of article 11, and articles 12 and 13 of Law No. 9613, of March 3, 1998, concerning the crimes of money laundering or concealment of assets, rights, and valuables.

The Chairperson of the Securities and Exchange Commission (CVM) hereby discloses that the CVM Board, at the meeting held on this date, based on the provisions set forth in Law No. 6385, of December 7, 1976, articles 9, 10, 11, 12, and 13 of Law No. 9613, of March 3, 1998, and the sole paragraph of article 14 of the Annex to Decree 2799, of October 8, 1998 has resolved to approve the following Instruction:

Scope and Purpose

- Article 1 The provisions of this Instruction shall regulate the identification and registration of customers; the registration of transactions and the limits defined in items I and II of article 10; the activities, reports and limits referred to in items I and II of article 11; the administrative liability set forth in articles 12 and 13; and all the provisions of Law No. 9613, of March 3, 1998, which addresses the crimes of money laundering or concealment of assets, rights, and valuables, including the preventive measures against the misuse of the financial system for illicit actions.
- Article 2 The obligations of this Instruction shall apply to any legal entity that engages, either on a permanent or a temporary basis, together or separately, and as their principal or secondary activity, in the custody, emission, distribution, liquidation, negotiation, intermediation, or administration of securities, stock exchanges, over-the-counter organized entities, futures and commodity exchanges, and all other legal entities referred to in article 9 of Law No. 9613/1998 that are subject to the

regulation and surveillance of the CVM and legal entities officers.

Customer Identification and Registration

Article 3 For the purpose of the provisions in item I of Article 10 of Law No. 9613/1998, the legal entities mentioned in article 2 of this Instruction shall maintain updated records on the identification of their customers.

Paragraph 1 Without prejudice to the provisions in CVM Instruction No. 220, of September 15, 1994, all customer identification records shall contain, at minimum, the following information:

- I. In the case of a natural person:
 - a) Complete name, sex, date of birth, place of birth, nationality, marital status, name of parents, and name of spouse or companion;
 - b) Type and number of identification document, name of the issuing institution and date of issuance;
 - c) Inscription number in the Natural Persons Registry (CPF, taxpayer identification number);
 - d) Complete address (street, address, district, city, State, ZIP code), telephone number;
 - e) Professional activity; and
 - f) Information about income and net worth.

- II. In the case of a legal entity:
 - a) Corporate name;
 - b) Name of parent companies, managers, and authorized representatives;
 - c) Number of Business Registry Identification (NIRE)—and inscription number in the National Registry of Legal Entities (CNPJ, taxpayer identification number);
 - d) Complete address (street, number, district, city, State, ZIP code), telephone number;
 - e) Principal activity;
 - f) Information on their respective financial standing and net worth; and
 - g) Corporate name of legal entities that control, are controlled by, or are connected with it.

- III. In any other case:
 - a) Complete identification of customers and their representatives and/or managers; and
 - b) Information on their respective financial standing and net worth.

Paragraph 2 The customers shall immediately report any change in their identification data.

Registration of Transactions and Their Respective Limits

Article 4 For the purpose of the provisions in item II of article 10 of Law No. 9613/1998, the legal entities mentioned in article 2 of this Instruction shall maintain records of all transactions involving securities with values equal to or higher than R\$10,0000.00 (ten thousand Reias), so as to allow the timely reports mentioned in article 7 of this Instruction.

Sole Paragraph The registration shall also be made, as set forth in this Article, when individuals, legal entities or those connected with them, which are identified in the registration prescribed in this Instruction, carry out, in the same calendar month, transactions with the same person or group, which involve aggregate amounts that surpass the specific limit mentioned above.

Record Keeping Period

Article 5 The records mentioned in articles 3 and 4 of this Instruction shall be kept, at the disposal of CVM, during a minimum period of five years, beginning on the date the account is closed or the transaction is concluded.

Report of Transactions

Article 6 For the purpose of the provisions in item II of Article 11 of Law No. 9613/1998, the legal entities mentioned in article 2 of this Instruction shall pay special attention to the following transactions involving securities:

- I Transactions that present values that seem to be incompatible with the professional activity, income and/or financial standing/net worth of any of the involved parties, based on the respective registration information.
- II Transactions repeatedly carried out between the same parties, in which there are on-going gains or losses corresponding to any of the involved parties;
- III Transactions that indicate significant fluctuation in volume and/or frequency of business of any of the parties involved;
- IV Transactions whose developments present characteristics that may constitute a scheme to avoid the identification of the parties effectively involved and/or the respective beneficiaries.
- V Transactions whose characteristics and/or developments indicate frequent activities on behalf of third parties; and
- VI Transactions that indicate a sudden and unjustified change in relation to the methods generally used by the parties involved.

Article 7 For the purpose of the provisions in item II of article 11 of Law No. 9613/1998, the legal entities mentioned in article 2 of this Instruction shall report to CVM, within twenty-four hours, beginning on their occurrence:

- I All transactions subject to registration as set forth in article 4 of this Instruction that, due to the characteristics of the parties involved, form of execution, types of instruments used, or the lack of economic or legal grounds, may constitute serious indications of or be related to the crimes of laundering or concealment of assets, rights, and valuables.
- II Transactions or proposed transactions referred to in article 6 of this Instruction.

Paragraph 1 The reports referred to in this Article may be made, whenever possible, through magnetic means, abstaining from informing their customer of such reports.

Paragraph 2 Reports made in good faith shall not generate, according to the Law, any civil or administrative liability to the legal entities mentioned in this Article.

Administrative Liability

Article 8 The legal entities mentioned in article 2 of this Instruction that fail to comply with the obligations set forth in articles 10 and 11 of Law No. 9613/1998 shall be subject to the sanctions of article 12 of the same Law, which shall be applied together or separately as set forth in the Annex to Decree No. 2799/1998.

Final Provisions

Article 9 The legal entities mentioned in article 2 of this Instruction shall develop and implement control procedures which enable the faithful compliance with the provisions of this Instruction.

Article 10 The legal entities mentioned in Article 2 of this Instruction shall inform to the CVM, by August 2, 1998, their officer who shall be responsible for the compliance with the obligations set forth in this Instruction.

Effectiveness

Article 11 This Instruction shall be implemented on the date of its publication, and shall come into force on August 2, 1999.

Rio de Janeiro, April 16, 1999.

SECRETARY OF COMPLEMENTARY SOCIAL SECURITY (SPC)

NORMATIVE INSTRUCTION No. 22, OF JULY 19, 1999 (*)

This instruction provides the guidelines and procedures to be followed by the Closed Entities of Private Pension Funds (EFPP) pursuant to Law No. 9613, of March 3, 1998.

The Secretary of Complementary Social Security of the Ministry of Social Security and Social Assistance (MPAS), in the exercise of the powers conferred upon him by the paragraph " b", item II, of article 35 of the Law No. 6435, of July 15, 1977;

Considering the provisions in article 9, sole paragraph, item II and article 11, paragraph 3 of the Law No. 9613, of March 3, 1998;

Considering the need to provide guidelines to restrain the crimes defined in Law No. 9613, of March 3, 1998 and regulated by the Decree No. 2799, of October 8, 1998, has decided:

To set forth the procedures to be followed by the Closed Entities of Private Pension Funds (EFPP) in accordance with the provisions of this Normative Instruction:

Record Keeping Requirements

The Closed Entities of Private Pension Funds (EFPP) shall maintain updated identification information on their participants, service providers, consultants (actuary, juridical, investment and accounting, among others) and asset managers, pursuant to the provisions of this Normative Instruction.

- 1.1. The records shall contain, at minimum, the following information about all the persons and agents in EFPP transactions:
 - I. In the case of a legal entity:
 - a) Corporate name;
 - b) Names of parent companies, managers and representatives;

- c) Business Registry Identification Number (NIRE) and inscription number in the National Registry of Legal Entities (CNPJ, taxpayer identification number);
- d) Complete address (street, number, district, city, State, ZIP code) and telephone number;
- e) Principal activity;
- f) Information concerning net worth and financial standing; and
- g) Denomination or corporate name of parent, subsidiary or associate entities.

II. In the case of a natural person:

- a) Name, sex, date of birth, name of parents, place of birth, nationality, marital status, and name of spouse or companion;
- b) Nature and number of identification document, name of the issuing institution and date of issue;
- c) Inscription number in the Natural Persons Registry (CPF, taxpayer identification number);
- d) Complete address (street, number, district, city, State, ZIP code), telephone number;
- e) Principal activity; and
- f) Information concerning revenue and net worth.

- 1.2. The entities mentioned in item 1 that maintain fund management contracts with financial institutions subject to the provisions of the Circular Letter No. 2826, of December 4, 1998, of the Financial System Regulation Department (DENOR) of the Central Bank of Brazil (BACEN) and its subsequent amendments shall be released from the obligations established in Circular Letter No. 2826, in relation to transactions executed through those financial institutions.

Registration of Transactions and Respective Limits

2. For the purpose of the provisions in article 10, item II of Law No. 9613/98, the entities mentioned in item 1 shall maintain records of all transactions executed with the legal entities mentioned in the subitem 1.1, clause I, which involve amounts equal to or higher than R\$100,000.00 (one hundred thousand Reals), and with the individuals mentioned in clause II of the same subitem

for amounts equal to or higher than R\$10,000,00 (ten thousand Reals), in order to allow the timely reporting referred to in item 3.1 of this Normative Instruction.

- 2.1. The records shall also be made when the entities execute, in the same calendar month, transactions with the same individual, legal entity, conglomerate or group, corresponding to total values that surpass the specific limits set forth in this Instruction.
- 2.2. The records referred to in item "1" of this Instruction shall be maintained and preserved during a minimum period of 5 (five) years, beginning on the date the transaction is concluded.

Reports of Transactions

3. For the purposes of provisions in article 11, item I of Law No. 9613/98, the entities shall pay special attention to the following transactions:
 - I. Voluntary contributions to benefits plans, made by participants, of amounts that are objectively incompatible with their professional occupation and income, also taking into consideration the total amount of such contributions;
 - II. Substantial increases in the monthly value of pension fund contributions, with no apparent cause, especially if such contributions are later recovered by the participant within a short period of time;
 - III. Trading in gold with individuals or legal entities that do not have a history in that market;
 - IV. Purchases or sales of assets for discrepant values in relation to the market prices, especially for properties;
 - V. Sudden changes seemingly unjustified in the form of fund transfers and in the types of transactions used;
 - VI. Transactions in which the counterpart demands payment in cash;

- VII. Sales of assets with total or partial payments with funds of several origins, such as checks of various locations, banks and issuers, or of various nature such as securities, metals or other assets which can be converted into cash; and
- VIII. Transactions or proposed transactions that involve companies with headquarters or branches abroad or which use funds coming from abroad.

Sole paragraph. It is understood as voluntary the contribution that is optional and not associated to the employee's wages.

- 3.1. For the purpose of the provisions in article 11, item I of Law No. 9613/98, the entities shall report, in an objective way, to the Secretary of Complementary Social Security (SPC), within 24 (twenty-four) hours, beginning on their occurrence:
 - I. Every transaction that, due to the features concerning the parties involved, amounts, forms of execution, instruments used, or to the lack of economic or legal grounds, may indicate or be related to the occurrence of the crimes defined in Law No. 9613, of March 3, 1998; and
 - II. The transactions or proposed transactions referred to in item " 3 " of this Normative Instruction.
- 3.2. The reports mentioned in the subitem 3.1 and the form of their delivery to SPC shall be regulated within 30 (thirty) days beginning on the date this Normative Instruction is published.
- 3.3. The reports may be delivered through magnetic means, whenever possible, in compliance with item II of article 11, of Law No. 9613, of March 3, 1998.
- 3.4. Reports imparted in good faith, pursuant to the provisions of the law, shall not generate any civil or administrative liability.

Administrative Liability

- 4. The entities that fail to comply with the obligations set forth in articles 10 and 11 of Law No. 9613/98 and in this Normative Instruction shall be subject, together or separately, to the

sanctions of article 12, of Law No. 9613/98, in accordance with the provisions of the Annex to Decree No. 2799, of October 8, 1998, without prejudice to any of the sanctions established by SPC.

- 4.1. For the purpose of the provisions in the previous item, the SPC administrative procedures shall be followed pursuant to the provisions in Article 13, of Law No. 9613/98, in combination with article 14, sole paragraph and article 23 of Decree No. 2799/98.

Final Provisions

5. The entities shall develop and implement control procedures that enable the faithful compliance with the provisions set forth in this Instruction.
6. A copy of the supervision report containing information on specific situations, which may indicate or be related to the occurrence of the situations defined in Law No. 9613/98, shall be delivered to the Council for Financial Activities Control.
7. The reports mentioned in subitem 3.1, addressed to SPC, shall be delivered to the Council for Financial Activities Control.
8. The entities shall indicate to SPC the person who shall be responsible for the compliance with the obligations established in this Instruction.
9. This Normative Instruction shall come into force on the date of its publication.

(*) Republished due to an error in the original text published in D.O.U. (Official Federal Gazette) 137-E, Section I of July 20, 1999, page 15.

SECRETARY OF COMPLEMENTARY SOCIAL SECURITY (SPC)

CIRCULAR No. 27, OF AUGUST 18, 1999

This circular provides further instructions concerning the Normative Instruction No. 22, of July 19, 1999, which establishes guidelines and procedures to be followed by the Closed Entities of Private Pension Funds (EFPP), pursuant to Law No. 9613, of March 3, 1998, which addresses the crimes of money laundering.

Dear Sirs,

With the purpose of complementing the instructions established in SPC Instruction No. 22, of July 19, 1999, to be adopted by the EFPP pursuant to Law No. 9613, of March 03, 1998, which addresses the crimes of money laundering, we hereby inform the following:

1. The reports to be made to the Secretariat of Complementary Social Security (SPC) are restricted to those transactions referred to in item 3.1, paragraphs I and II of SPC Instruction No. 22/99, and they shall preferably be made electronically;
2. Should it be impossible to make it electronically, other available means of communication may be used, observing however the deadlines established in item II of article 11 of Law No. 9613/98;
3. Should the documents be submitted on paper, the usual procedures for other kinds of documents must be followed. They must be sent to SPC at the following address: Esplanada dos Ministérios – Bloco “ F ” – 6o. andar, Brasília-DF – CEP 70059-900. Fax number: (5561) 224-6280 and 224-6799;
4. The EFPP that have portfolios managed by third parties, which are legal entities authorized and monitored by the Central Bank of Brazil (BACEN) and/or the Securities and Exchange Commission (CVM), shall charge these contracted management

companies with the obligation to make the reports concerning the transactions that they execute, as provided by law;

5. The reports referred to in item 4 shall be addressed to the institutions to which they must legally report (BACEN and/or CVM). The EFPP shall clearly specify this obligation in the contracts they sign with the management companies mentioned;
6. The information referred to in subitem 1.1 of SPC Instruction No. 22/99 shall be kept at the EFPP themselves. Please note that the information on the net worth (subitem "f", paragraphs I and II), if difficult to obtain or unavailable, may be excluded from the list of information to be registered. The EFPP shall also maintain the records of transactions concerning the provisions of item 2 of SPC Instruction No. 22/99;
7. The reports to be submitted to SPC, via the Internet, must be sent to the address www.mpas.gov.br/, by selecting the option Complementary Social Security, which will display a page named "Reports to COAF", which shall be operating as of September 15, 1999;
 - 7.1 In order to make the reports required in SPC Instruction No. 22/99, either electronically or through other means, the following registration data shall be previously sent to SPC Coordination of Technical Information: EFPP's name; name and function of the person responsible for the reports; his/her identification document number and CPF (tax identification number); and telephone number. These information shall be sent by fax or mail within 5 (five) business days after receiving this circular;
 - 7.2 The person responsible for the reports shall register his/her password in the page named "Reports to COAF", as of September 15, 1999, where further instructions shall be available;
8. Should the manager responsible for the reports be replaced, the respective information must be sent to SPC within 5 (five) business days.