

São Paulo, 09 de Setembro de 2016.

Edemir Pinto, Diretor Presidente.
Flavia Mouta, Diretora de Regulação de Emissores
BM&F Bovespa S.A.
Bolsa de Valores, Mercadorias e Futuros
Praça Antônio Prado, 48. 2º andar
01010-901 São Paulo - SP

CC: Cristiana Pereira, Diretora de Desenvolvimento de Empresas.
Brunella Rizzi Ispier, Investment Manager

Ref.: Evolução dos Segmentos Especiais – Audiência Pública

Dear Edemir and Flavia,

We are writing from Aberdeen Asset Management in response to the proposed reforms of the Novo Mercado and Special Listing Segments. Aberdeen is one of Europe's largest independent asset managers and a long-term investor in Brazil, with R\$21 billion currently invested in the Brazilian markets.

We would like to congratulate BM&F Bovespa on the important reforms that you have proposed, which we believe will prepare the Novo Mercado and the wider Brazilian capital markets for growth in the next decade. We have been strong supporters of the Novo Mercado for many years, reflected in our substantial investments in a number of Novo Mercado companies. However, in recent years, a number of deficiencies have emerged in the Novo Mercado framework and we believe that the proposed reforms go a long way to addressing these areas of concern.

We are especially pleased to see that the proposed reforms aim to strengthen the rules for companies to exit from the Novo Mercado, which has been a serious cause for concern among investors. Other important areas that we are particularly pleased to see addressed by the proposed reforms include obligations to disclose remuneration in the form outlined previously by CVM and the 30% threshold for tender offers.

Nevertheless, there are a few specific matters where we believe the proposed reforms should have gone further to bring Brazil in line with well-established international best practices. There are also some additional issues that should be tackled as part of this reform process:

- 1) Company boards should comprise at least 30% independent directors. While the proposed figure of 20% (or at least 2 independents, with the elimination of the rounding rule) would be a positive development, it would still leave most companies well-short of the requirements in other emerging markets. Notably, most Asian emerging markets have a requirement for one-third of the board to be independent.

- 2) The establishment of a mandatory Audit Committee is an important and over-due development that would bring the Novo Mercado in line with international practice. However, in order to be effective, an Audit Committee should be comprised only of independent directors of the board. Non-directors should not sit on an Audit Committee as it is a committee *of the* board.
- 3) So called “bundled” director elections at shareholder meetings should not be permitted as they disenfranchise shareholders. Each director should be listed separately and voted upon separately on the proxy form at a shareholder meeting.
- 4) Concerning the process for companies to exit the Novo Mercado, we believe a requirement to have the support of two-thirds of the free float rather than the proposed 50% of free float would be more appropriate. This would both bring the Novo Mercado exit threshold closer to the CVM’s delisting rules and would also go some way to mitigating the problem that there is often ambiguity around which shareholders should rightly be considered part of the free float.
- 5) The application of Tag Along rules should be expanded to include scenarios where there has been effective change of control of the company through a transaction at the control group. This should be designed to ensure fair treatment of minority investors in corporate transactions.
- 6) Boards of directors should deliberate and sign the Formulário de Referência. As a key disclosure by companies, it is not sufficient that this is only signed off by executive management.
- 7) Company boards should adopt an Engagement Policy to encourage better communication with all shareholders, not just controlling shareholders.

Finally, of course, these reforms will only apply to companies on the Novo Mercado (and Special Listing Segment Level 2, where relevant), while efforts must also be made to address corporate governance shortcomings among the considerable number of listed companies that are not even on these market segments.

Sincerely,



Peter Taylor
Director – Head of Brazilian Equities