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## **BM&FBOVESPA FOREIGN EXCHANGE CLEARINGHOUSE RULEBOOK**

**March 2014**

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## CHAPTER I DEFINITIONS

**Article 1.** For the purposes of this Rulebook, of the Operating Manual and of the Risk Management Manual of the Foreign Exchange Clearinghouse, the following definitions shall apply:

1. **Acceptance** [*aceitação*] – The acceptance by the Clearinghouse of Foreign Exchange Transactions registered in the Clearinghouse Systems;
2. **Agent** [*agente*] – Financial institution authorized by Bacen to execute trades in the foreign exchange market in accordance with the prevailing legislation and rules, authorized by BM&FBOVESPA pursuant to the provisions of its Authorization (access) rules.
3. **Analysis** [*análise*] – The verification made by the Clearinghouse of data, terms, and conditions related to Foreign Exchange Transactions registered in the Clearinghouse Systems;
4. **Bacen** [*Bacen*] – The Central Bank of Brazil;
5. **Correspondent Bank** [*banco correspondente*] – The bank that is contractually bound to the Clearinghouse to (i) hold an account abroad on behalf of the Clearinghouse for the Settlement of Foreign Exchange Transactions; (ii) to execute the purchase and sale of Foreign Currency; and (iii) to render other services that might be of interest to the Clearinghouse;
6. **Settlement Bank** [*banco liquidante*] – The bank that is contractually bound to the Clearinghouse to (i) receive and transfer funds in Brazilian Currency corresponding to Collateral transfer or use; and (ii) to render other services that might be of interest to the Clearinghouse;
7. **BM&FBOVESPA** [BM&FBOVESPA] – BM&FBOVESPA S.A. – Bolsa de Valores Mercadorias e Futuros, a market management body for exchange and over-the-counter markets, whose main function is to maintain systems appropriate for the execution of buy and sell transactions, auctions and special transactions involving securities, rights and assets, as well as to manage clearing, settlement and custody systems;
8. **Admission** [*cadastramento*] – The procedure through which banks, brokerage houses or other interested parties that are interested in using the Clearinghouse Systems provide the Clearinghouse with the data and documents it requires;
9. **Clearinghouse** [*câmara*] – The BM&FBOVESPA Foreign Exchange Clearinghouse;
10. **Electronic Spot Foreign Exchange** [*câmbio pronto eletrônico*] – exchange-based Foreign Exchange Trading System, developed, implemented and managed by BM&FBOVESPA in an electronic trading environment;
11. **Clearing** [*compensação*] – The procedure through which the Net Balances between the Clearinghouse and each Agent are calculated, in Brazilian and in Foreign Currency;
12. **Confirmation** [*confirmação*] – The act through which an Agent assumes as its own the foreign exchange purchase or sale transaction registered by an Intermediary;
13. **Settlement Account** [*conta de liquidação*] – An account held by the Clearinghouse at the Bacen for the transfer of funds in Brazilian Currency corresponding to the Foreign Exchange Transactions in the Clearinghouse Systems;
14. **Transaction Contracting** [*contratação*] – The registration of a Foreign Exchange Transaction after it is accepted by the Clearinghouse;

15. **Fees** [*custos*] – The charge fixed by the Clearinghouse for its Agents to use its Systems and other services;
16. **Settlement Date** [*data de liquidação*] – The date established for Brazilian Currency Payment and Foreign Currency Delivery resulting from Foreign Exchange Transactions;
17. **Pledge of Collateral** [*depósito de garantias*] – The procedure through which Agents deliver Foreign Currency or other assets for credit into the accounts held by the Clearinghouse in order to guarantee the fulfillment of their obligations;
18. **Operational Defaulter** [*devedor operacional*] – The Agent that, for operational reasons, fails to make a Brazilian Currency Payment or a Foreign Currency Delivery at the time established by the Clearinghouse;
19. **Costs** [*encargos*] – The amounts due by Agents to the Clearinghouse for reimbursements and penalties;
20. **Foreign Currency Delivery** [*entrega de moeda estrangeira*] – The transfer of Foreign Currency (i) to the Clearinghouse by the Agent with a Net debit Balance, or (ii) by the Clearinghouse to the Agent with a Net credit Balance;
21. **Fed Funds** [*fed funds*] – The transfer of funds in the United States of America effected by the Federal Reserve System, aimed at the real-time handling of values;
22. **Central Bank Registration** [*formalização*] – Procedure in the Bacen systems, for the registration of foreign exchange contracts in reference to Foreign Exchange Transactions as set forth in the prevailing foreign exchange legislation.
23. **Funds** [*fundos*] – The funds at the disposal of the Clearinghouse to guarantee the performance of Foreign Exchange Transactions and the fulfillment of the obligations resulting therefrom;
24. **Collateral** [*garantias*] – The assets delivered by Agents to the Clearinghouse to guarantee, within contractual terms and limits, the fulfillment of obligations resulting from or related to Foreign Exchange Transactions;
25. **Additional Collateral** [*garantias complementares*] – The Collateral required by the Clearinghouse in specific situations;
26. **Non-Linked Collateral** [*garantias não-vinculadas*] – The Collateral pledged by an Agent which is not earmarked for a specific Net Balance, but rather for the Agent's overall exposure to the Clearinghouse;
27. **Linked Collateral** [*garantias vinculadas*] – The Collateral pledged by an Agent and earmarked for the Agent's Net Balance with the Clearinghouse;
28. **Authorization** [*habilitação*] – The acceptance of a Participant to use the Clearinghouse Systems (access);
29. **Defaulter** [*inadimplente*] – The Agent that fails to: (i) proceed the Central Bank Registration of the Foreign Exchange Transactions that it has already registered/confirmed, as the case may be; (ii) make a Brazilian Currency Payment or a Foreign Currency Delivery at the time established by the Clearinghouse because of an incapacity to pay; or (iii) pay to the Clearinghouse any other amounts due, including the Pledge of Collateral;
30. **Exchange Rate Variation Index** [*índice de variação da taxa de câmbio*] – The fluctuation percentage established by the Clearinghouse to manage risks and administer Collateral;
31. **Intermediary** [*intermediador*] – Institution authorized by BM&FBOVESPA, which may exclusively execute Foreign Exchange Transactions in electronic Systems linked to the Clearinghouse, on behalf of one or more Agents, but which under no hypothesis execute Foreign Exchange Transactions in its own name or without due authorization from the Agent/s to which it provides services;

32. **Intermediation** [*intermediação*] – The activities performed, pursuant to the provisions set forth in the prevailing foreign exchange legislation, on behalf of Agents, for the execution of Foreign Exchange Transactions in the Electronic Spot Foreign Exchange or in other Trading Systems;
33. **Release of Collateral** [*liberação de garantias*] – The procedure through which the Clearinghouse places at the disposal of the Agents, for withdrawal or reuse, amounts in Foreign Currency or any other assets pledged by them as collateral to fulfill their obligations;
34. **Position Limit** [*limite operacional de compra e venda*] – The maximum credit or debit amount in Foreign Currency for the Net Balance that an Agent is allowed to hold in Foreign Exchange Transactions;
35. **Trading Limit** [*limite operacional de negociação*] – The maximum amount in Foreign Currency for the sum of the amounts traded in Foreign Exchange Transactions which are intermediated in Electronic Spot Foreign Exchange or in other Trading Systems and which have not been confirmed by the Agent specified as the buyer or seller;
36. **Settlement** [*liquidação*] – The effectiveness of Brazilian Currency Payment and the Foreign Currency Delivery that are necessary to finalize a Foreign Exchange Transaction within limits, terms and conditions under which it was contracted, as well as the payment of any other amounts due to the Clearinghouse;
37. **Messages** [*mensagens*] – The information transmitted by electronic means, pursuant to the provisions set forth in and for the purposes of this Rulebook;
38. **Foreign Currency** [*moeda estrangeira*] – The foreign currency underlying Foreign Exchange Transactions traded between Agents directly or in Trading Systems, and contracted by the Clearinghouse;
39. **Brazilian Currency** [*moeda nacional*] – The local (Brazilian) currency;
40. **Foreign Exchange Transaction** [*operação de câmbio*] – The Foreign Currency purchase and sale that may be subject to Registration, Clearing, and Settlement through the Clearinghouse Systems;
41. **Brazilian Currency Payment** [*pagamento*] – The transfer of Brazilian Currency (i) to the Clearinghouse by the Agent with a Net debit Balance, or (ii) by the Clearinghouse to the Agent with a Net credit Balance;
42. **Participant** [*participante*] – Agents, Intermediaries, Settlement Banks, Correspondent Banks and others that use the Systems created by the Clearinghouse;
43. **Segregated Capital** [*patrimônio especial*] – The capital segregated by BM&FBOVESPA to guarantee, exclusively, the fulfillment of obligations deriving from or related to Foreign Exchange Transactions accepted by the Clearinghouse;
44. **Transaction Registration** [*registro*] – The procedure through which the Agents submit Foreign Exchange Transactions or their Intermediation, as the case may be, directly to the Clearinghouse or by means of its Trading Systems;
45. **Rulebook** [*regulamento*] – This BM&FBOVESPA Foreign Exchange Clearinghouse Rulebook;
46. **Net Balance** [*saldo líquido*] – The amount resulting from Clearing, pursuant to the provisions set forth in this Rulebook, which is due on each Settlement Date by the Agent to the Clearinghouse or by the Clearinghouse to the Agent, in Brazilian Currency or in Foreign Currency;
47. **Safeguards** [*salvaguardas*] – The principles, rules and regulations, criteria, and mechanisms adopted to directly or indirectly guarantee the Settlement of Foreign Exchange Transactions and the integrity of the Clearinghouse Systems;

48. **Selic** [*Selic*] – The Special System for Settlement and Custody managed by the Bacen;
49. **Settlement Session** [*sessão de liquidação*] – The session, divided into phases, in which a Brazilian Currency Payment and a Foreign Currency Delivery are made and all measures ultimately needed are taken, in relation to each Settlement Date;
50. **Systems** [*sistemas*] – The Systems developed by the Clearinghouse to be used by its Participants;
51. **Trading System** [*sistema de negociação*] – A set of organized and controlled procedures authorized by BM&FBOVESPA, which may or may not be electronic, that allow Clearinghouse’s Agents to trade Foreign Exchange Transactions directly or through Intermediation, for Settlement through the Clearinghouse Systems;
52. **STR** [*STR*] – The Reserve Transfer System, of the Bacen;
53. **Screens** [*telas*] – The communications System adopted by the Clearinghouse for sending and receiving information, which is used, in accordance with the Participant’s category, as a major means of communication or as a contingency mechanism.

## **CHAPTER II CLEARINGHOUSE ACTIVITIES**

**Article 2.** The Clearinghouse shall be responsible for the Clearing and Settlement of Foreign Exchange Transactions directly or indirectly performed or intermediated by its Agents, and for rendering other services related to such activities.

**Paragraph 1.** Pursuant to the provisions set forth in this article, the Clearinghouse shall only clear and settle the Foreign Exchange Transactions that, after being registered in its Systems, are analyzed, accepted, and contracted by the Clearinghouse.

**Paragraph 2.** The Clearinghouse can enter into agreements with entities that organize, maintain, or represent Foreign Currency Trading Systems, in any market segment, in order to settle Foreign Exchange Transactions made or registered by Agents in those Systems.

**Paragraph 3.** The Clearinghouse shall perform the activities referred to in this article within Brazilian territory, in compliance with current foreign exchange regulations.

## **CHAPTER III PARTICIPANTS**

**Article 3.** BM&FBOVESPA shall define the rules for Participant Admission and Authorization (access).

**Paragraph 1.** For the purpose of the provisions set forth in this article, BM&FBOVESPA shall establish:

- (i) The information and documents to be provided and the corresponding security procedures;
- (ii) The technical conditions and requirements to be met.

**Paragraph 2.** To become a Participant the candidate must:

- (i) Be admitted, by providing the information and the documents required by BM&FBOVESPA;
- (ii) Expressly adhere to this Rulebook, to the Operating and Risk Management Manuals, and to all further rules, regulations and procedures issued by BM&FBOVESPA;
- (iii) Meet the technical requirements and conditions established by BM&FBOVESPA; and
- (iv) Fulfill all obligations towards the Funds, in compliance with the criteria established by BM&FBOVESPA.

**Article 4.** When the conditions and requirements established by the Clearinghouse are met, the BM&FBOVESPA Board of Directors has the authority to:

- (i) Authorize the Agent and Intermediary;
- (ii) Request further diligence from the Clearinghouse; or
- (iii) Deny Authorization (access).

**Article 5.** In observance of the conditions and limits established by the Clearinghouse, Participants shall:

- (i) When they are Agents, proceed the Transaction Registration directly, in accordance with the Trading System adopted, clear and settle their Foreign Exchange Transactions;
- (ii) When they are Intermediaries, proceed the Foreign Exchange Transactions Registration in the Clearinghouse Systems, which shall at all times, depending upon the Trading System adopted, be subject to Confirmation by the Agents identified as the holders of such Transactions; and
- (iii) Use other Systems developed by the Clearinghouse.

**Article 6.** The Clearinghouse shall establish Position Limits for its Agents.

**Sole paragraph.** The limits referred to in this article can be altered, at the discretion of the Clearinghouse and/or by request of the Agent:

- (i) In compliance with prudential criteria;
- (ii) To update inconsistent position limits; or
- (iii) By means of the Pledge of Collateral by the Agent.

**Article 7.** Without prejudice to the duty of obedience to this Rulebook and further rules and regulations, Participants shall:

- (i) Maintain their admission data updated;
- (ii) Forward to the Clearinghouse all data and information it requires;
- (iii) Meet all technical criteria established by the Clearinghouse; and
- (iv) Keep the Clearinghouse informed of any problem or interruption in the use of communications Systems.

#### **CHAPTER IV**

### **FOREIGN EXCHANGE TRANSACTION REGISTRATION IN THE CLEARINGHOUSE SYSTEMS**

**Article 8.** Foreign Exchange Transactions shall be submitted for Transaction Registration at the Clearinghouse directly by the Agents or through the Trading Systems, in observance at all times of the applicable regulations regarding the foreign exchange market in general and the Trading Systems in particular.

**Paragraph 1.** In the case of Foreign Exchange Transactions that are traded by intermediaries in Trading Systems, Transaction Registration shall be effected in the Trading System by the Intermediaries responsible for the trade.

**Paragraph 2.** In the hypothesis of the previous paragraph, the Intermediary must specify the buying/selling Agent when requested by the Clearinghouse or at the moment that the transaction is executed, pursuant to the provisions of the Trading System rules in question.

**Paragraph 3.** In the hypothesis of a Foreign Exchange Transaction executed in the Electronic Spot Foreign Exchange System, the Agent specified by the Intermediary must proceed the Central Bank Registration of the Foreign Exchange Transaction when requested by the Clearinghouse.

**Paragraph 4.** In the case of Foreign Exchange Transactions submitted for Transaction Registration by Agents, directly or in Trading Systems, the Agents must proceed the Central Bank Registration of the transaction when requested by the Clearinghouse.

**Paragraph 5.** In the hypotheses referred to in the previous paragraphs, should any Foreign Exchange Transaction has not been Confirmed or its Central Bank Registration has not been made, BM&FBOVESPA shall adopt the procedures created for this purpose by obtaining a new counterparty and attributing the responsibility for any possible losses to the Intermediary or Agent who has been made the Transaction Registration, thus resorting, when necessary, to specifically constituted Safeguards.

**Paragraph 6.** When the trades are executed in the Electronic Spot Foreign Exchange System, a new counterparty shall be obtained by contracting the services of one of the Correspondent Banks by taking into account the Correspondent Bank that provides the best conditions.

**Paragraph 7.** The Clearinghouse shall utilize the Banco BM&FBOVESPA de Serviços de Liquidação e Custódia S.A. whenever it becomes impossible to resolve the pending transaction pursuant to the provisions set forth in the previous paragraph, or whenever it is not advisable to use Correspondent Banks.

**Paragraph 8.** All operational principles established in this Rulebook and in the Clearinghouse Operating Manual and Risk Management Manual, such as the fulfillment of admission procedures, deposit of the share in the Foreign Exchange Transaction Settlement Fund, Pledge of Collateral, among others, shall apply to the participation of the Banco BM&FBOVESPA de Serviços de Liquidação e Custódia S.A..

**Paragraph 9.** Should the specified Agents confirm the Foreign Exchange Transactions, the Clearinghouse shall inform the Intermediaries involved through the appropriate means, thereby freeing them from their responsibilities concerning the confirmed Foreign Exchange Transactions.

**Article 9.** Each Participant shall be directly and exclusively responsible for:

(i) The Agent and Intermediary, as the case may be, the accuracy of all data informed upon Transaction Registration directly in the Clearinghouse Systems or via Trading Systems;

- (ii) The Agent, a Foreign Exchange Transaction, not accepted by the Clearinghouse or not registered with the Bacen, when directly registered in the Clearinghouse Systems;
- (iii) The Agent, a Foreign Exchange Transaction not accepted by the Clearinghouse or not registered with the Bacen, when the Foreign Exchange Transaction is registered directly in the Electronic Spot Foreign Exchange System;
- (iv) The Agent, for the Foreign Exchange Transaction nor accepted by the Clearinghouse or not registered with the Bacen when the Foreign Exchange Transaction is registered by an Intermediary in the Electronic Spot Foreign Exchange System;
- (iv) Compliance with all applicable rules and regulations.

## **CHAPTER V ANALYSIS AND ACCEPTANCE**

**Article 10.** Foreign Exchange Transactions submitted for Transaction Registration shall be subject to Analysis, wherein the following items, among others, shall be verified, pursuant to the provisions set forth in the Risk Management Manual:

- (i) The Position Limits of Agents;
- (ii) The sufficiency of Collateral pledged to cover the Exchange Rate Variation Index;
- (iii) The sufficiency of pledged Collateral for the adjustment of the adopted exchange rate to market parameters; and
- (iv) The sufficiency and adequacy of the pledged Collateral, taking into consideration the loss the Agent might incur in the Foreign Exchange Transaction under Analysis.

**Paragraph 1.** The Clearinghouse shall make every effort towards the correction of errors and the solution of problems with the Participants involved, as well as call for Additional Collateral, pursuant to the provisions set forth in this Rulebook.

**Paragraph 2.** The Transaction Registrations of Foreign Exchange Transaction orders by Agents and Intermediaries, as the case may be, in the Electronic Spot Foreign Exchange Trading System will be analyzed prior to their entry in the central order book of this Trading System, with effective verification by the Clearinghouse of the sufficiency of the Collateral. Failure to meet any of the criteria established by the Clearinghouse shall result in rejection of the Transaction Registration by the Trading System.

**Paragraph 3.** The withdrawal of Collateral by an Agent of the Electronic Spot Foreign Exchange Trading System is conditional upon verification of the sufficiency of the Collateral to cover its pending orders in the central order book of this System. In any case, the requests for withdrawal of the Collateral will be accepted by the Clearinghouse only if they do not result in an insufficiency of Collateral to cover the orders pending in the Electronic Spot Foreign Exchange Trading System.

**Article 11.** When during the Analysis process the Clearinghouse verifies the regularity and adequacy of all information submitted for Transaction Registration, it shall:

- (i) Issue communications, without prejudice to the communications of the respective Trading System, to the involved Agents and Intermediaries, in the exact terms set forth in the Foreign Exchange Clearinghouse Operating Manual, informing them of the Acceptance of the Foreign Exchange Transaction; and
- (ii) Request, in the exact terms set forth in the Foreign Exchange Clearinghouse Operating Manual, when the case so requires, that the Agents take the necessary

measures for the Central Bank Registration of the Foreign Exchange Transaction , pursuant to the provisions of the prevailing foreign exchange rules.

**Paragraph 1.** The Clearinghouse shall be formally bound as buyer/seller of the Foreign Exchange Transactions brought for Transaction Registration directly by the respective Agents, buyer and seller, with communication of its Acceptance.

**Paragraph 2.** The Clearinghouse shall be formally bound as buyer/seller of the Foreign Exchange Transactions traded in Trading Systems, with Acceptance of its Transaction Registration by the respective Systems.

**Paragraph 3.** The request by the Clearinghouse to the Agent to proceed the Central Bank Registration of the Foreign Exchange Transaction means by implication its Acceptance by the Clearinghouse.

## **CHAPTER VI FOREIGN EXCHANGE TRANSACTION REGISTRATION IN THE BACEN**

**Article 12.** Because Foreign Exchange Transactions represent solemn and formal contracts, they must be registered in the systems of the Bacen, pursuant to the provisions set forth in its rules.

**Paragraph 1.** The Clearinghouse shall consider to all intents and purposes as a Defaulter the Agent that (i) executes directly or through an Intermediary a Foreign Exchange Transaction in the Electronic Spot Foreign Exchange System, or (ii) registers a Foreign Exchange Transaction directly in the Clearinghouse Systems, and refuses to make or confirm its Central Bank Registration, pursuant to the provisions of the prevailing foreign exchange legislation. The Clearinghouse shall adopt all necessary measures to finalize the Foreign Exchange Transaction by using one of the Correspondent Banks or by contracting an opposite Foreign Exchange Transaction in the market. The Defaulter shall be liable to the Clearinghouse for the resulting administrative and financial consequences.

**Paragraph 2.** Should the lack of Transaction Registration or Confirmation occur due to an operational issue, the Clearinghouse shall apply the proper treatment for each situation.

**Paragraph 3.** In any event, the lack of Transaction Registration or Confirmation shall be fulfilled by the Clearinghouse by using the services of one of the Correspondent Banks. The Clearinghouse shall utilize the Banco BM&FBOVESPA de Serviços de Liquidação e Custódia S.A. whenever it becomes impossible to resolve the pending transaction pursuant to the provisions set forth previously, or whenever it is not advisable to use Correspondent Banks.

**Article 13.** After all the steps of trading, Analysis, Acceptance and Central Bank Registration of the Foreign Exchange Transaction are fulfilled, the Clearinghouse shall be take the position of contracting party for the purpose of Settlement of obligations as set forth in Law No. 10.214, of March 27, 2001, and further rules and regulations of the Brazilian Payment System.

## **CHAPTER VII CLEARING**

**Article 14.** The Clearinghouse shall automatically clear each Agent's Foreign Exchange Transactions as they are contracted, in order to obtain the corresponding Net credit and debit Balances in Brazilian Currency and in Foreign Currency.

**Sole paragraph.** Pursuant to the criteria defined by the Bacen, the Clearinghouse may establish rules and procedures to integrate into Clearing the amounts related to Fees.

## **CHAPTER VIII SETTLEMENT**

### **Section I General Provisions**

**Article 15.** Foreign Exchange Transactions shall be settled by the transfer of Net Balances, resulting from Clearing, by Agents to the Clearinghouse and by the Clearinghouse to Agents, pursuant to the provisions set forth in this Rulebook and in the Operating Manual and Risk Management Manual of the Clearinghouse.

### **Section II Settlement Sessions**

**Article 16.** Brazilian Currency Payment and Foreign Currency Delivery corresponding to each Settlement Date shall be made within Settlement Sessions, which shall be divided as follows:

- (i) During the first phase, the Clearinghouse shall issue the corresponding Messages containing preliminary communications for Brazilian Currency Payment and/or Foreign Currency Delivery values;
- (ii) During the second phase, Agents can make the corresponding Brazilian Currency Payments and/or Foreign Currency Deliveries to the Clearinghouse, and confirm said Payments and/or Deliveries, as well as register new Foreign Exchange Transactions for same day Settlement;
- (iii) During the third phase, the Clearinghouse shall issue the corresponding Messages containing the requests of Brazilian Currency Payments and/or Foreign Currency Deliveries, and each Agent must acknowledge receipt of said communications;
- (iv) During the fourth phase, the Agents shall make the Brazilian Currency Payments and/or Foreign Currency Deliveries to the Clearinghouse, and confirm said payments and/or deliveries;
- (v) During the fifth phase, after receiving the amounts referred to in the previous items, the Clearinghouse shall make the corresponding Foreign Currency Deliveries and/or the Brazilian Currency Payments; and
- (vi) During the sixth phase, the Clearinghouse shall take the necessary steps to conclude the fulfillment of any obligations that may still be pending from the previous phases.

**Paragraph 1.** In compliance with the rules and regulations issued by the Bacen, the Clearinghouse shall establish the time frame of each phase, which shall be disclosed to the Participants through official BM&FBOVESPA communication documents.

**Paragraph 2.** The Messages containing the requests for Brazilian Currency Payments and/or Foreign Currency Deliveries shall only be issued, during the third phase of the Settlement Session, to the Agents that still maintain a Net debit Balance with the Clearinghouse.

**Article 17.** Should it not be possible to fulfill the obligations of a Brazilian Currency Payment and/or a Foreign Currency Delivery on a certain Settlement Date due to a banking holiday in the city where they must be met, said obligations shall be transferred to the earliest possible subsequent date, pursuant to the criteria, rules, regulations and procedures established by the Clearinghouse.

### **Subsection I Transfers to the Clearinghouse**

**Article 18.** Agents with Net credit or debit Balances:

- (i) Can, in the second phase of the Settlement Session defined in article 16, make the applicable Brazilian Currency Payments and/or Foreign Currency Deliveries by forwarding to the Clearinghouse the corresponding communications, without prejudice to the possibility of registering new Foreign Exchange Transactions for same day Settlement; and
- (ii) Must, in the fourth phase of the Settlement Session defined in article 16, make the Brazilian Currency Payments and/or Foreign Currency Deliveries still due to the Clearinghouse, by transferring the funds to the Settlement Account or to the account held abroad by the Clearinghouse at one of the Correspondent Banks, and forwarding to the Clearinghouse the corresponding communications.

**Paragraph 1.** The transfers referred to in items (i) and (ii) above must be made:

- (i) Through the STR for the Brazilian Currency; or
- (ii) Through real-time settlement systems or book transfers for Foreign Currency.

**Paragraph 2.** If the transfer due to the Clearinghouse is delayed or not made, the corresponding Agent shall be considered as an Operational Defaulter or as a Defaulter, depending on the Agent's situation, pursuant to the provisions set forth in this Rulebook.

**Paragraph 3.** Should there be delays or defaults in the fourth phase of the Settlement Session defined in article 16, the Clearinghouse shall buy Foreign Currency from or sell Foreign Currency to Correspondent Banks, in order to supply the lack of Brazilian Currency or Foreign Currency to meet the obligations defined in item (v) of article 16.

**Article 19.** The Clearinghouse shall consider the Brazilian Currency Payments and/or the Foreign Currency Deliveries effectively made only after it receives the confirmation Messages sent by the STR or the Correspondent Bank abroad.

**Article 20.** Transfers of partial funds shall not be considered as Brazilian Currency Payments or Foreign Currency Deliveries, and the Clearinghouse shall hold such partial funds as Collateral of the Agents responsible for such transfers.

## **Subsection II Transfers to the Agents**

**Article 21.** After receiving the funds corresponding to the Net Balances in Brazilian Currency and Foreign Currency, the Clearinghouse shall, pursuant to the provisions set forth in item (v) of article 16:

- (i) Transfer the Foreign Currency funds in the accounts maintained by the Clearinghouse with the Correspondent Banks abroad to the non-defaulting Agents with Net credit Balances (in Foreign Currency); and
- (ii) Transfer the Brazilian Currency funds in the Settlement Account to the non-defaulting Agents with Net debit Balances (in Foreign Currency).

**Paragraph 1.** The transfers referred to in items (i) and (ii) above must be made:

- (i) Through the STR for the Brazilian Currency; or
- (ii) Through real-time settlement systems or book transfers for Foreign Currency.

**Paragraph 2.** After transferring the total funds due pursuant to the provisions set forth in items (i) and (ii) of this article, the Clearinghouse shall have no other obligations towards the Agents.

## **Section III Delays and Defaults**

### **Subsection I Operational Defaulters and Defaulters**

**Article 22.** The Clearinghouse shall consider as an Operational Defaulter the Agent that, for operational reasons, fails to make a transfer of funds due to the Clearinghouse up to the time established by the Clearinghouse.

**Article 23.** The Clearinghouse shall consider as a Defaulter the Agent that, because of incapacity to pay, fails to make a Brazilian Currency Payment or a Foreign Currency Delivery up to the time established by the Clearinghouse, or that, also because of incapacity to pay, fails to make any other payment due to the Clearinghouse.

**Sole paragraph.** The Clearinghouse shall only consider an Agent as a Defaulter after all due diligence has been taken in relation to that Agent, aiming that all corresponding obligations are met.

**Article 24.** For the purposes of the previous articles, it shall be incumbent on the Clearinghouse alone to differentiate between an operational reason and incapacity to pay.

**Sole paragraph.** For the purposes of this Rulebook, the lack of communication of a Brazilian Currency Payment or a Foreign Currency Delivery already made shall be considered as a delay for operational reasons.

## **Subsection II Procedures Applicable to Operational Defaulters**

**Article 25.** When an Agent is considered as an Operational Defaulter, the following shall apply:

- (i) Brazilian Currency Payments or Foreign Currency Deliveries shall not be made to the Operational Defaulter;
- (ii) The Clearinghouse shall hold and use the funds that would otherwise be transferred to to such Agent, the Collateral pledged by such Agent, and the share that such Agent holds in the Foreign Exchange Transaction Settlement Fund, to meet all corresponding obligations towards the non-defaulting parties;
- (iii) The Operational Defaulter shall have the obligation to pledge Additional Collateral, whenever required by the Clearinghouse; and
- (iv) The Operational Defaulter shall have the obligation to make the Brazilian Currency Payment or the Foreign Currency Delivery to the Clearinghouse, with the addition of the respective Costs, during the sixth phase of the Settlement Session defined in item (vi) of article 16.

**Sole paragraph.** The Clearinghouse can refuse the Transaction Registration of a new Foreign Exchange Transaction under the responsibility of an Agent that is listed in its records as an Operational Defaulter.

## **Subsection III Procedures Applicable to Defaulters**

**Article 26.** When an Agent is considered as a Defaulter, the following shall apply:

- (i) Brazilian Currency Payments or Foreign Currency Deliveries shall not be made to a Defaulter;
- (ii) The Clearinghouse shall use the Collateral pledged by the Defaulter and the share that the Defaulter holds in the Foreign Exchange Transaction Settlement Fund, pursuant to the provisions set forth in this Rulebook, for the Settlement of Foreign Exchange Transactions and any other pending debits; and
- (iii) The Defaulter shall be excluded from the Clearinghouse.

**Article 27.** The Foreign Exchange Transactions of the Defaulter that are contracted with the Clearinghouse to be Settled on Settlement Dates subsequent to the date of the default shall be regularly settled by the Clearinghouse by using the funds due to the Defaulter and, if necessary, the pledged Collateral, pursuant to the provisions set forth in this Rulebook and other applicable rules.

## **CHAPTER IX SAFEGUARDS**

### **Section I General Provisions**

**Article 28.** The Clearinghouse shall use Safeguards to ensure the Settlement of the Foreign Exchange Transactions it accepts.

**Paragraph 1.** The Safeguards referred to in this article shall include, among others, the Collateral pledged by the Agents, the Funds, and the Segregated Capital.

**Paragraph 2.** In order to fulfill all of its obligations, the Clearinghouse can also contract opposite or specially structured Foreign Exchange Transactions from the Correspondent Banks to cover risks resulting from any possible default by Agents on subsequent Settlement Dates. If necessary, all expenses from these transactions shall be covered by using the Collateral pledged by the Agent that originated the situation.

**Paragraph 3.** The Clearinghouse settlement mechanisms, as well as its Safeguard structure, have been established so as to ensure the Settlement of the Foreign Exchange Transactions carried out in its Systems, under the protection of Law No. 10.214, of March 27, 2001, in accordance with the provisions set forth in articles 4, 5, and especially 6.

## **Section II Collateral**

### **Subsection I Collateral Pledge and Allocation**

**Article 29.** The Clearinghouse shall define the assets eligible to meet Collateral requirements, the corresponding amounts, and the transfer, allocation and replacement conditions and procedures.

**Sole paragraph.** The Clearinghouse can call Additional Collateral:

- (i) For the Acceptance of Foreign Exchange Transactions that exceed the operating limits (Trading and Position Limits);
- (ii) For the Acceptance of Foreign Exchange Transactions that are not within the range of established market parameters;
- (iii) For the Acceptance of Foreign Exchange Transactions that result in a loss for the Agent;
- (iv) From the Operational Defaulter, if necessary; and
- (v) In specific situations, for prudential reasons.

**Article 30.** The total amount of Collateral due from the Agents shall be calculated based on the registered Foreign Exchange Transactions, the Exchange Rate Variation Index that is used as parameter, and other criteria established by the Clearinghouse.

**Paragraph 1.** The Clearinghouse shall, whenever it deems necessary, alter the Exchange Rate Variation Index that is used as parameter by consulting, if necessary, the BM&FBOVESPA Risk Committee.

**Paragraph 2.** For the Pledge and Release of Collateral, the mechanisms and procedures established by the Operating Manual of the Clearinghouse shall be adopted. It shall be incumbent on the Registration and Contracting Department of the Clearinghouse to provide the Agents involved with guidance, if necessary, for the correct transfer of Collateral.

## **Subsection II Use of Collateral**

**Article 31.** The Clearinghouse shall use the Operational Defaulter or Defaulter's Collateral and share in the Foreign Exchange Transaction Settlement Fund in the following order:

- (i) The Linked Collateral for that specific Settlement Date;
- (ii) The Additional Collateral for that specific Settlement Date;
- (iii) The Non-Linked Collateral to the proportion of the Net debit Balances for each Settlement Date; and
- (iv) The Foreign Exchange Transaction Settlement Fund share to the proportion of the Net debit Balances for each Settlement Date.

**Sole paragraph.** In order to use and transfer Collateral, the Clearinghouse can use the services of a Settlement Bank.

**Article 32.** The Defaulter Agent's Collateral shall remain at the disposal of the Clearinghouse, after the Settlement of obligations corresponding to the Foreign Exchange Transactions for which it has originally been pledged, to be used by the Clearinghouse as Non-Linked Collateral for any Net debit Balances pending settlement.

**Sole paragraph.** Under all circumstances, Non-Linked Collateral shall remain pledged, pursuant to the provisions set forth in the prevailing legislation, as long as the Agent maintains any financial obligations to the Clearinghouse resulting from Foreign Exchange Transactions that have not been totally fulfilled.

## **Subsection III Status of Collateral and Its Release**

**Article 33.** Linked Collateral shall be considered as Non-Linked Collateral after the Agent makes the corresponding Brazilian Currency Payment or Foreign Currency Delivery.

**Paragraph 1.** After Linked Collateral is converted into Non-Linked Collateral, in observance of the provisions set forth in this article and in the next paragraph, the Agent holder thereof can:

- (i) Request that it be withdrawn;
- (ii) Use it for other Foreign Exchange Transactions or for the Funds, or even use it to Settlement of its obligations with the Clearinghouse; or
- (iii) Maintain it its Non-Linked Collateral account with the Clearinghouse.

**Paragraph 2.** An Agent shall only be able to withdraw or allocate Non-Linked Collateral, pursuant to the provisions set forth in items (i) and (ii) of the previous paragraph, if, on the Settlement Date such Agent has no pending obligation with the Clearinghouse resulting from Foreign Exchange Transaction Contracting, and has not been considered as a Defaulter.

### **Section III Funds**

**Article 34.** The Clearinghouse shall maintain the Foreign Exchange Transaction Settlement Fund, as well as any others that it may come to constitute, to meet thoroughly and promptly the Settlement of Foreign Exchange Transactions in accordance with the specific purpose of each Fund.

**Sole paragraph.** The Clearinghouse shall manage all Funds created on its behalf. The Clearinghouse may at any time resort to the custody and depository services rendered by third parties, in order to maintain and manage the assets that compose said Funds.

**Article 35.** The Foreign Exchange Transaction Settlement Fund is composed of funds and assets deposited by Agents during the Authorization (access) process, and contributed by BM&FBOVESPA, and constitutes the minimum necessary to guarantee the link between the Agent and the Clearinghouse, and has the purpose of ensuring the fulfillment of the obligations guaranteed by the Clearinghouse, pursuant to the provisions and in the order set forth in this Rulebook in the case of the default of one or more Agents.

**Paragraph 1.** The complementary purpose of BM&FBOVESPA's contribution to the Foreign Exchange Transaction Settlement fund is to cover any events resulting from the Clearinghouse's operational or administrative failures.

**Paragraph 2.** The Foreign Exchange Transaction Settlement Fund is mutual, with the liability of each Agent with the Foreign Exchange Transaction Settlement Fund being joint and limited, individually, to the value of its contribution.

**Paragraph 3.** The Clearinghouse will periodically establish and reassess the amount of the Foreign Exchange Transaction Settlement Fund and the value of its shares, as well as the list of assets eligible to be included in its composition.

**Paragraph 4.** The values of the contributions by Agents and BM&FBOVESPA to the Foreign Exchange Transaction Settlement Fund are proposed by the Chief Executive Officer and approved by the Board of Directors of BM&FBOVESPA. The values of Agents' contributions may be differentiated in accordance with their category and the operating limits attributed to them. The value of BM&FBOVESPA's contribution to the Foreign Exchange Transaction Settlement Fund shall correspond, at least, to the sum of the values of contributions required of the Agents. The values of the contributions are disclosed via Circular Letter.

**Paragraph 5.** The use of Foreign Exchange Transaction Settlement Fund resources is exclusively linked to their purposes, observing the rules for the execution of Collateral.

**Paragraph 6.** The use of Foreign Exchange Transaction Settlement Fund resources due to default of one or more Agents implies in the defaulting Agent(s)' obligation to replenish the value(s) used in the time frame established by BM&FBOVESPA.

**Paragraph 7.** If the defaulting Agent does not replace the value of the Foreign Exchange Transaction Settlement Fund used to cover losses resulting from its default, the other non-defaulting Agents must replace the used value of their respective contributions, within the time frame established by BM&FBOVESPA.

**Paragraph 8.** The contributions made to replenish the Foreign Exchange Transaction Settlement Fund may not be used to cover losses resulting from the default that motivated this replenishment nor defaults prior to this replenishment and observing the limit defined in the following paragraph.

**Paragraph 9.** The total value of the contributions for the replenishment of the Foreign Exchange Transaction Settlement Fund made by a determined Agent in any period of 20 (twenty) consecutive business days is limited to three (3) times the value of the individual contribution attributed to it at the beginning of the referred period.

**Paragraph 10.** BM&FBOVESPA, at its exclusive discretion, may review the values of its contribution and of the individual contribution of each Agent to the Foreign Exchange Transaction Settlement Fund. If there are changes, the Agents will be informed of the new required values.

**Paragraph 11.** If there is an increase to the values of the contributions of the Agents, each Agent must make a contribution of resources necessary for bringing its contribution in line with the new required value, within a time frame of 20 (twenty) consecutive days counting from the date of the communication of the new required value. The obligation of the harmonization of the contribution with the new required value will not apply to the Agent that has its Authorization cancelled with BM&FBOVESPA before the end of this time frame.

**Paragraph 12.** If the revision results in the reduction of the values of the contributions of the Agents, the Clearinghouse will provide, for withdrawal by the Agents, as of the date on which the new values come into effect, the surplus resources from their respective contributions.

**Paragraph 13.** The contributions made as a result of the revision of the Foreign Exchange Transaction Settlement Fund may not be used to cover losses resulting from defaults occurring on a date prior to the communication of the new required values as a result of this revision.

**Paragraph 14.** It is the responsibility of the BM&FBOVESPA Board of Directors to establish the rest of the rules for the Foreign Exchange Transaction Settlement Fund.

#### **Section IV Segregated Capital**

**Article 36.** Pursuant to the provisions set forth in the Brazilian Payment System legislation, BM&FBOVESPA has constituted Segregated Capital for the Clearinghouse, composed of assets and rights, and has the exclusive purpose of guaranteeing the fulfillment of obligations assumed by the Clearinghouse, pursuant to the provisions set forth in the prevailing regulations.

**Sole paragraph.** The assets and rights that integrate the Segregated Capital, together with their earnings and proceeds, shall not intermix with BM&FBOVESPA's equity or other specially segregated capital, pursuant to the provisions set forth in the Brazilian Payment System legislation.

## **Section V Use of the Safeguards in a Situation of Default**

**Article 37.** When the default of an Agent is confirmed during the fourth phase of the Settlement Session defined in item (iv) of article 16, the Clearinghouse shall use the Safeguards in the following order:

- (i) The Defaulter's Linked Collateral for that specific Settlement Date;
- (ii) The Defaulter's Additional Collateral for that specific Settlement Date;
- (iii) The Defaulter's Non-Linked Collateral to the proportion of the Net debit Balances for each Settlement Date;
- (iv) The Defaulter's share in the Foreign Exchange Transaction Settlement Fund to the proportion of the Net debit Balances for each Settlement Date;
- (v) BM&FBOVESPA's share in the Foreign Exchange Transaction Settlement Fund;
- and
- (vi) The shares of the other non-defaulting Agents deposited in the Foreign Exchange Transaction Settlement Fund;

**Article 38.** When the default of an Agent is confirmed during the sixth phase of the Settlement Session defined in item (vi) of article 16, the Clearinghouse shall use the Safeguards in the following order:

- (i) The Defaulter's Linked Collateral for that specific Settlement Date;
- (ii) The Defaulter's Additional Collateral for that specific Settlement Date;
- (iii) The Defaulter's Non-Linked Collateral to the proportion of the Net debit Balances for each Settlement Date;
- (iv) The Defaulter's share in the Foreign Exchange Transaction Settlement Fund to the proportion of the Net debit Balances for each Settlement Date;
- (v) BM&FBOVESPA's share in the Foreign Exchange Transaction Settlement Fund;
- (vi) The shares of the other non-defaulting Agents deposited in the Foreign Exchange Transaction Settlement Fund;
- (vii) Other safeguard mechanisms created for this end; and
- (viii) Other BM&FBOVESPA resources.

## **CHAPTER X FEES AND COSTS**

**Article 39.** BM&FBOVESPA shall establish in relation to the Clearinghouse:

- (i) The criteria used in the calculation of Fees and Costs;
- (ii) The amounts of Fees and Costs due; and
- (iii) The time frames, terms, and conditions for the payment of Fees and Costs.

**Article 40.** The payment of Fees and Costs shall be:

- (i) In the case of Fees, due from the Agents that have used the services rendered by the Clearinghouse and/or the Trading Systems; and
- (ii) In the case of Costs, due from the Agents that have caused their incidence.

**Article 41.** A delay in the payment of Fees and Costs means by implication:

- (i) The incidence of fines and interest; and
- (ii) The Agent's suspension, pursuant to the provisions set forth in this Rulebook.

## **CHAPTER XII PENALTIES**

**Article 42.** In the case of failures or irregularities, the following penalties shall apply:

- (i) Warning,
- (ii) Suspension, or
- (iii) Exclusion.

**Article 43.** The Clearinghouse shall apply the penalty of warning in the case of events that prevent, delay, or make it difficult to fully and promptly process or adequately settle Foreign Exchange Transactions in the Clearinghouse Systems.

**Article 44.** The Clearinghouse shall apply the penalty of suspension against the Participant that:

- (i) Receives 5 (five) warnings over a period of up to 30 (thirty) consecutive days; or
- (ii) Fails to pay Fees and Costs within the time frames established, pursuant to the provisions set forth in this Rulebook.

**Sole paragraph.** A suspended Agent or Intermediary shall not be allowed to register new Foreign Exchange Transactions.

**Article 45.** The Clearinghouse shall apply the penalty of exclusion against:

- (i) A Defaulter Agent; or
- (ii) A Participant that is suspended five (5) times over twelve (12) consecutive months.

**Article 46.** The BM&FBOVESPA Chief Executive Officer shall decide on the application of the penalties referred to in this Chapter.

**Sole paragraph.** There may be the appeal to a penalty decision, made to the BM&FBOVESPA Board of Directors, pursuant to the provisions set forth in the BM&FBOVESPA Bylaws.

## **CHAPTER XIII GENERAL PROVISIONS**

**Article 47.** BM&FBOVESPA shall publish the necessary complementary rules to enforce the provisions set forth in this Rulebook.

**Article 48.** This Rulebook is subject to the provisions set forth in the BM&FBOVESPA Bylaws.

**Article 49.** The Clearinghouse shall provide the Bacen with information concerning events and data related to its activities, pursuant to the provisions set forth in current regulations.

**Sole paragraph.** For the purposes of this article, events are occurrences that are not part of the Clearinghouse routine.

**Article 50.** The Clearinghouse shall maintain the confidentiality of Foreign Exchange Transactions, pursuant to the provisions set forth in the prevailing legislation and regulations.

**Article 51.** Pursuant to the applicable legislation and in compliance with the obligations of Agents stipulated above in this Rulebook, all the positions shall be closed out and a single multilateral net result shall be calculated for each Agent, should either of the following occur:

- (i) The filing by BM&FBOVESPA of a judicial recovery claim or of an application for approval of an extrajudicial recovery plan; or
- (ii) The judicial declaration of the bankruptcy of BM&FBOVESPA, provided the effects thereof are not suspended or revoked within fifteen (15) consecutive calendar days.

**Paragraph 1.** Should either hypothesis (i) or hypothesis (ii) referred to in the opening paragraph of this article occur, the Clearinghouse shall notify the Participants and the regulatory authorities.

**Paragraph 2.** The position closeout process shall be performed after the occurrence of either hypothesis (i) or (ii) referred to in the opening paragraph of this article, in accordance with the procedures and criteria defined by the Clearinghouse.

**Paragraph 3.** The multilateral net result for each Agent, as referred to in the opening paragraph of this article, shall be calculated by the Clearinghouse and must be settled on the date it establishes. The multilateral net result for each Agent shall correspond to the netting of (i) the net proceeds from the closing out of any and all open positions under its responsibility; and (ii) any obligations not settled by the Agent with the Clearinghouse or by the Clearinghouse with the Agent.

**Paragraph 4.** The Clearinghouse may use the Collateral pledged by Agents pursuant to this Rulebook should any Agent showing a multilateral net debit result fail to settle the amount owed to the Clearinghouse as and when required by this article.

**Paragraph 5.** Notwithstanding the occurrence of the hypothesis (ii) referred to in the opening paragraph of this article, the obligations of Participants and the Clearinghouse, as described in this Rulebook, shall remain enforceable for the fifteen (15) consecutive calendar days referred thereto.

**Article 52.** Pursuant to the applicable legislation, and in compliance with the obligations of Agents stipulated above in this Rulebook, in the case of total or partial default by the Clearinghouse to pay the Net Balance owed to an Agent, and of failure to remedy such default within twenty (20) consecutive business days of the date when the

Clearinghouse receives written notice from the Agent notifying that it has not received the amount due, at the sole discretion of said Agent its positions may be closed out and a single multilateral net result calculated.

**Paragraph 1.** The Clearinghouse shall immediately notify the regulatory authorities of the occurrence of default referred to in the opening paragraph of this article.

**Paragraph 2.** The position closeout process shall be performed after the end of the period of twenty (20) consecutive business days referred to in the opening paragraph of this article, in accordance with the procedures and criteria established by the Clearinghouse.

**Paragraph 3.** The Agent's multilateral net result, as referred to in the opening paragraph of this article, shall be calculated by the Clearinghouse and settled on the date it establishes. The Agent's multilateral net result shall correspond to the netting (i) the net proceeds from the closing out of any and all open positions under its responsibility; and (ii) any obligations not settled by the Agent with the Clearinghouse or by the Clearinghouse with the Agent.

**Paragraph 4.** The Clearinghouse may use the Collateral pledged by Agents pursuant to this Rulebook should any Agent showing a multilateral net debit result fail to settle the amount owed to the Clearinghouse as and when required by this article.

**Paragraph 5.** Notwithstanding the occurrence of default referred to in the opening paragraph of this article, the obligations of Participants and the Clearinghouse, as described in this Rulebook, shall remain enforceable for the period of twenty (20) consecutive business days referred thereto.

**Article 53.** The BM&FBOVESPA Chief Executive Officer shall:

- (i) Settle any disputes arising out of or relating to the Clearinghouse activities or to the Foreign Exchange Transactions carried out through the Clearinghouse Systems; and
- (ii) Settle all cases not covered by this Rulebook or any other rules and regulations issued by the Clearinghouse.

**Article 54.** Without prejudice to the provisions set forth in the previous article, Participants can appeal for arbitration, pursuant to the provisions set forth in the applicable legislation and in the Regulation of BM&FBOVESPA's Arbitration Panel, to settle any litigation arising out of or relating to Foreign Exchange Transactions or Clearinghouse activities.