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Circular Letter 4/2015/SIN/CVM

Rio de Janeiro, July 3, 2015.

To Non-resident Investors Representatives

Subject: Changes in the legislation regarding Non-resident Investors. Resolution CMN n. 4,373, of September 29, 2014, and CVM Instruction n. 560, of March 27, 2015.

Dear Sirs,

1. As a result of the publication of the new regulations regarding non-resident investors - Resolution CMN n. 4,373, of September 29, 2014, and CVM Instruction n. 560, of March 27, 2015, various measures should be undertaken in order to adapt to the new legislation.
2. The attentive and complete reading of the new regulations is a duty of all representatives. In this Circular Letter, we will concentrate on the following themes that will deserve special attention from the representatives.

Representative's Qualification

3. The Resolution CMN n. 4,373 determines in paragraph 1 of article 2 of the Annex Regulation I that the representative "must be a financial institution or instruction authorized to function by the Central Bank of Brazil". The paragraph 2 of the same article stipulates to the investor a deadline of "up to 180 (hundred and eighty) days to promote the regularization of its representation", due on 09/26/2015.
4. Therefore, we reinforce that the current representative that does not meet the referred qualification requirement should communicate, as soon as possible, his represented investor about the need to substitute the representative.

Investments in Investment Mutual Funds in Emerging Companies (FMIEE) and Real Estate Investment Funds (FII)

5. The Resolution CMN n. 4,373 determines in article 8 of the Annex Regulation I that the foreign investments registered in the Central Bank of Brazil deriving from investments made in FMIEE and in FII must meet the requirements of the referred Regulation. The sole paragraph of the same article grants a period of 180 (hundred and eighty) days counted from the date the Resolution comes into effect for the requirements to be met.

6. Hence, we urge the representatives to inform their clients about the need to meet the referred requirements until the deadline established in the Resolution on 09/26/2015.

Investor Registration

7. The CVM Instruction n. 560 changed the non-resident qualification table. As of 1/1/2016 the registration of new investors must already be done in accordance with the new table. Likewise, until 1/1/2016 the representative will have to promote the registration up-date of all investors under his responsibility. In case the registration up-date is not performed until this date, the representative's registration in the CVM will be suspended by this Superintendence, in terms established by the article 9 of CVM Instruction 560, and the representative will be duly notified.

8. We inform that the table mentioned in CVM Instruction 560 containing the new qualifications is available in the system SIE WEB. Therefore, the representatives can already perform the new registrations with the up-dated table, even though the registration with the former qualifications is accepted until 1/1/2016. However, we remind that the registration of new investors using the old qualifications will require a new up-date of this information until the end of the established deadline.

9. Similarly, each representative can already start to up-date the registration of each investor in the SIE WEB; reminding that this up-dating should be completed by 1/1/2016.

10. By the way, we clarify that the non-resident investors that are registered as passengers of omnibus accounts in the terms of article 3, item III, of CVM Instruction n. 560, would be able to perform the up-date of the registration information referred in article 27 of the same Instruction in a consolidated manner by the omnibus account holder. Thus, it is not necessary to fulfil a new up-dated declaration for each investor in the terms established in article 2 of Annex I of the referred Instruction. As proof, CVM will accept the application signed by the omnibus account holder and also electronic communications (including by mechanisms such as Swift) allowing the authentication of the sender - the omnibus account holder.

Non-resident Investor Double Qualification

11. We received questions from market participants about the treatment dispensed to investors that qualify in more than one category.

12. We inform that, in these cases, the representative should choose, for registration purposes, the qualification that better represents the investor's situation.

13. We reinforce, however, that for those investors that qualify, among others, in the categories ***XII – entities organized as trusts or other fiduciary vehicles*** or ***XIII - societies constituted with bearer bonds***, those qualifications must be, necessarily, checked.

Periodic Information

14. As of 1/1/2016, the non-resident investor's portfolio periodic information will change: the monthly report consolidated by representative will no longer be requested; the monthly report will no longer be filled per portfolio (proprietary or collective) and will be individualized by passenger of omnibus account or by proprietary account holder. The bi-annual report will also have its format altered.

15. The deadline for remitting the monthly and bi-annual reports has also been altered, as established in article 14 of CVM Instruction n. 560. The new deadlines are until 10 (ten) business days after each month-end for the monthly reports; and until 15 (fifteen) business days after the end of each semester for the bi-annual reports. CVM is currently undergoing the development of the new file formats structure for the reports. Subsequently, CVM will communicate the new monthly and bi-annual file formats.

16. We remind that the non-fulfilment of the deadlines applicable to the delivery of the periodic reports will subject the representatives to a daily fine in the terms of article 23 of CVM Instruction n. 560, and of CVM Instruction CVM n. 452, of April 30, 2007.

17. Until then, though, according to the dispositions of article 28, § 1, of CVM Instruction n. 560, the representatives should provide the information with the content and according to the deadlines currently defined, meaning that the monthly reports can be consolidated by the omnibus account holder and by representative and sent in up to 5 (five) business days after each month-end and the bi-annual reports until the 15th of the month subsequent to the end of the semester.

Documentation Submission – Transfers between Investors

18. The article 21 of CVM Instruction n. 560 determines that the transfer of positions between investors according to the conditions established in article 20 of the same Instruction, as well as the respective supporting documentation, are sent to CVM together with the monthly report.

19. Until the new monthly report is available to the representatives, a supporting documentation must be set, in digital format, to gie-internet@cvm.gov.br, following the same deadlines currently applicable to the monthly report.

Communication on the Transfer between Different Accounts of the Same Investor

20. The communication about those transfers will no longer be necessary as of 1/1/2016, since this information will be provided in the monthly report.

21. Doubts and questions about the adaptation to the new regulations should be sent, by e-mail, to gie-internet@cvm.gov.br.

Sincerely,

FRANCISCO JOSÉ BASTOS SANTOS

Institutional Investor Relationship Superintendent