

EXPLANATORY NOTE

**THE FOLLOWING MATERIAL CORRESPONDS TO THE TRANSLATION OF SELECTED PARTS OF THE
BRAZILIAN TAX AUTHORITY (SECRETARIA DA RECEITA FEDERAL DO BRASIL – RFB)
NORMATIVE INSTRUCTIONS Nº 1,634/2016 AND 1,548/2014
ON THE NATIONAL REGISTRATION OF LEGAL AND NATURAL PERSONS**

THE SELECTED PARTS ARE RELATED TO NON-RESIDENT INVESTORS

**This is a free translation offered only as a convenience for
English language readers and is not legally binding.
Any questions arising from the text should be clarified by
consulting the original and official version in Portuguese.**

NORMATIVE INSTRUCTION Nº 1,634/2016

Provides for the National Legal Person Registration (CNPJ).

TITLE I GENERAL DISPOSITIONS

CHAPTER I CONTENT AND ADMINISTRATION

Article 2 – The National Legal Person Registration (CNPJ) comprehends the identification information of interest to the tax administration of the country, states, Federal District of Brasilia and municipalities.

Sole paragraph – The Brazilian Tax Authority (Secretaria da Receita Federal do Brasil - RFB) is responsible for the administration of the CNPJ.

CHAPTER II ENTITIES' REGISTRATION OBLIGATIONS

Article 3 – All entities domiciled in Brazil, including the legal persons alike according to the Income Tax legislation, are required to register in the CNPJ as well as each one of the their subsidiaries in Brazil and abroad, before the beginning of their activities.

(...)

Article 4 – The following institutions are also required to register in the CNPJ:

(...)

XV – entities domiciled abroad that, in Brazil:

a) Hold rights over:

1. Real state;
2. Vehicles;
3. Boats;
4. Airplanes;
- 5. Cash deposit accounts;**
- 6. Investments in financial and capital markets; or**
7. Equity interest acquired outside the capital markets;

b) Execute:

1. External leasing operations;
2. Chartering of vessels, equipment rental and simple leasing; or
3. Import of goods without foreign exchange coverage intended to be used for capital payment of Brazilian companies;

XVI – foreign banking institutions that engage in foreign exchange transactions with banks in the country, receiving or delivering Brazilian Reais in-kind in the settlement of the referred transactions.

(...)

§ 4 – The dispositions of item XV of the **caput** do not apply:

I – to the rights related to industrial property (trademarks and patents); and

II – to the foreign investments made through the mechanism of certificates representative of shares or other securities (depository receipts) issued abroad and having as underlying assets securities deposited in specific accounts in Brazil.

Article 5 – The investment funds constituted abroad and the entities domiciled abroad that register in the CNPJ exclusively to invest in the financial and capital markets must obtain one registration code for each financial institution representative, responsible for the fulfillment of the investors' tax obligations in the country, all National Monetary Council (CMN) regulations considered.

§ 1 – The name used as corporate name in the CNPJ referred in the **caput** must contain, necessarily, the name of the investment fund or entity, followed by the name of the representative (financial institution) separated by an hyphen.

§ 2 – For the sake of this article's dispositions, the expression "financial institution" corresponds to any institution authorized to function by the Central Bank of Brazil (Bacen).

(...)

CHAPTER III

THE ENTITY'S REPRESENTATIVE

Article 7 – The entity's representative in the CNPJ must be the natural person that has the legitimacy to represent the entity, in accordance with the qualifications provided in Annex V of this Normative Instruction.

§ 1 – In case the entity is domiciled abroad, the representative in the CNPJ must be the entity's legal appointed attorney or legally constituted representative domiciled in Brazil, with powers to manage the entity's assets and rights in the country as well as to represent the entity towards RFB.

§ 2 – In case the entity is domiciled abroad and is registered according to article 19, the representative in the CNPJ is automatically designated in the registration and is the same as the one designated for the representative financial institution in the CNPJ.

§ 3 – The entity representative in the CNPJ can appoint an agent for executing the registration in the CNPJ, except for the act of registering the headquarters and for the agent indication, substitution and exclusion.

§ 4 – The indication referred in § 3 does not compromise the original competence of the entity representative in the CNPJ.

(...)

CHAPTER IV

BENEFICIAL OWNER

Art. 8 – The registration information related to corporations and to the entities referred in items V, XV, XVI and XVII of the **caput** of article 4 must comprehend the persons authorized to represent them, as well as the corporate interest chain until it reaches the natural persons characterized as final beneficiaries or other entities mentioned in § 3.

§ 1 – For the sake of the dispositions of the **caput**, final beneficiary is:

I - a natural person that, ultimately, holds, controls or influences significantly the entity, directly or indirectly; or

II - a natural person in the name of whom the transaction is conducted.

§ 2- Significant influence referred in § 1 occurs whenever the natural person:

I – possesses more than 25% (twenty five percent) of the entity's capital, directly or indirectly; or

II – has or exerts preponderance on the corporate deliberations, directly or indirectly, or has the power to elect the majority of the entity's managers, even without having control over the entity..

§ 3 – Exceptions for the dispositions of the **caput** are:

I – the legal persons organized as public companies in Brazil or in other countries that require public disclosure of all shareholders considered relevant and are not established in jurisdictions with favorable tax regimes or submitted to a privileged tax regime as defined in articles 24 and 24-A of Law n° 9.430, of December 27, 1996;

II – the not-for-profit entities acting as fiduciary administrators and that are not established in jurisdictions with favorable tax regimes or submitted to a privileged tax regime as defined in articles 24 and 24-A of Law n° 9.430, of December 27, 1996, provided that they are regulated and inspected by competent governmental authorities;

III – the multilateral organisms, central banks, governmental entities and entities associated to sovereign funds;

IV – pension entities, pension funds and similar institutions, provided that they are regulated and inspected by competent governmental authorities in Brazil and in their country of origin; and

V – the domestic investment funds regulated by the Exchange Commission (CVM), provided that it is informed to the RFB through the *e-Financeira* the natural person registration code (CPF) or the CNPJ code of the quotas' holders in each of the funds under their administration.

§ 4 – For the entities mentioned in § 3, the registration information must comprehend the natural persons authorized to represent them, their controllers, administrators and directors, if there are any, as well as the natural and legal persons in favor of whom those entities were constituted. The Associates and Administrators Board (Quadro de Sócios e Administradores - QSA) must be informed.

§ 5 – The dispositions of the **caput** apply to the quota holders domiciled abroad, being necessary to identify as final beneficiaries those that comply with the dispositions of § 1.

§ 6 – The foreign entities administrators requiring registration in the CNPJ are not characterized as final beneficiaries and should be informed only in the Associates and Administrators Board (Quadro de Sócios e Administradores - QSA), even if they have or exert preponderance on the corporate deliberations, directly or indirectly, or have the power to elect the majority of the entity's managers.

Art. 9 – The entities referred in items XV and XVI of the caput of article 4 that do not provide the final beneficiary information in due time or do not delivery the supporting documentation as established in articles 19 and 20 will have their registrations suspended in the CNPJ and will face impediments to execute any transactions with banking institutions, including movements in banking accounts, financial applications and loans.

§ 1 - The impediments to execute transactions with banking institutions do not apply to the transactions that are necessary for the return of the investments to the country of origin and for the fulfilment of obligations undertaken before the suspension, as deadlines, grace periods and maturities.

§ 2 – The entities referred in § 2 of article 19 can fill the field related to the final beneficiary with the expression “not applicable” in the program *Coleta Web*, in case there is no person characterized as final beneficiary according to the dispositions of §§ 1º and 2º of article 8.

§ 3 – The suspension of the CNPJ in the circumstances described in the **caput** of this article will be communicated to the CVM when involving entities classified in item 6, line “a”, of item XV of the **caput** of article 4.

CHAPTER V REGISTRATION OFFICES

Article 10 – The CNPJ registration offices are the ones qualified as competent to grant the entities registration in the CNPJ, based on the technical and formal analysis of the information contained in the supporting documentation provided by the entities.

Sole paragraph – The following institutions are CNPJ registration offices:

(...)

III - CVM, in the terms of article 19;

IV – Central Bank of Brasil, in the terms of article 20;

(...)

CHAPTER IV REGISTRATION

(...)

Section I Registration of Entity Domiciled Abroad

Article 19 – The registration in the CNPJ of entity domiciled abroad exclusively to invest in the financial and capital markets derives automatically from its registration with the CVM as non-resident investor in the country, being forbidden the submission of registration request in any other CNPJ registration offices.

§ 1 – The registration in the CNPJ obtained as described in the **caput** is intended, exclusively, to the investments referred in it.

§ 2 - In up to 90 (ninety) days counted from the registration date, the foreign entities qualified in accordance to CVM regulation, through their representative legally designated in the terms of article 8, must:

I – with respect to entities qualified in § 3 of article 8, provide information and the supporting documentation referred in § 4 of this article, upon request as established in § 5 of this article;

II – with respect to entities qualified as below that do not have significant influence in domestic entities, inform the final beneficiary and provide information and the supporting documentation referred in § 4, upon request as established in § 5:

a) Commercial banks, investment banks, savings and loan associations, and global custodians and similar institutions, regulated and inspected by competent governmental authority

b) Insurance companies regulated and inspected by competent governmental authority;

c) Institution or entity that has as objectives the distribution of issued securities or the intermediation of securities trading, acting on their own behalf, registered and regulated by organism recognized by CVM; and

d) any other entity that has as objective the investment of financial resources in the financial and capital markets, in which only participate natural and legal persons resident and domiciled abroad, provided that the entity is registered and regulated by organism recognized by CVM; or the portfolio management is performed in a discretionary way by a professional administrator registered and regulated by organism recognized by CVM.

III – with respect to any other funds and collective investment entities that do not have significant influence in domestic entities, inform the final beneficiary, provide information and the supporting documentation referred in § 4, upon request as established in § 5 as well as the Associates and Administrators Board (Quadro de Sócios e Administradores - QSA);

IV – with respect to the entities organized as trusts or other fiduciary vehicles, societies constituted with bearer bonds and other foreign legal entities not qualified in the previous categories, inform the final beneficiary and present, as established in § 5:

a) Constitutive Act or Social Contract of the entity, according to the “Documents and Orientation Table” - Annex VIII of this normative instruction;

b) Identification document or passport of the legal representative of the entity in the country of origin;

c) Legal document that substantiates the administrative powers of the legal representative in the country of origin of the foreign entity (election minutes or equivalent document), in case this information is not included in the Constitutive Act;

d) Associates and Administrators Board (Quadro de Sócios e Administradores - QSA); and

e) the documents and information referred in § 4, upon RFB request.

§ 3 - The dispositions of item I of § 2 apply to the entities that only execute exchange transactions to acquire quotas of Index funds regulated by CVM.

§ 4 – The foreign investor representative must:

I – Provide the necessary information for the registration of the non-resident investor;

II – Keep up to date the non-resident investor information;

III – present to the RFB, whenever requested, the following documents:

a) Representation Agreement; and

b) Custody Agreement signed by the non-resident investor and the legal person authorized by CVM to render custody services;

IV – Provide the RFB with the list of the non-resident investors represented by him, the information and the supporting documentation related to the final beneficiaries, even if they do not have significant influence as established in § 2 of article 8, upon request; and

V – Communicate to RFB, in up to 30 (thirty) days, the extinction of the Representation Agreement.

§ 5 – The documents will be presented in the format of a digital dossier in any office of RFB as established in Normative Instruction RFB nº 1,412, of November 22, 2013.

§ 6 – The documents referred in lines “a” and “c” of item III of § 2 and items I and III of § 4 written in foreign language must be authenticated by a Brazilian consulate, except for the power of attorney nominating the entity’s legal representative in Brazil, should the power of attorney be issued in the country.

§ 7 – The public documents issued by public authority or agent, notaries and registry offices, foreign state official certificates, in accordance to dispositions of the Haia Convention Apostille, are not required to be authenticated by a Brazilian consulate.

§ 8 – The documents written in foreign language must be translated to Portuguese by a certified translator. The RFB can exempt from this obligation according to its own criteria.

§ 9 – The deadline established in § 2 can be prorogated for another 90 (ninety) days upon formal request presented to the RFB by the entity’s representative in Brazil.

§ 10 – For the purpose of the dispositions of items I, II and III of § 2, significant influence is characterized whenever the entity:

I - possesses more than 20% (twenty percent) of a domestic entity’s capital, solely or jointly with persons connected to the entity; or

II - has or exert preponderance on the corporate deliberations, directly or indirectly, or has the power to elect the majority of the entity’s managers, even without having control over the entity.

§ 11 – For the purpose of the dispositions of item I of § 10, a person connected to the entity is:

I – the legal person whose participation in the foreign entity’s equity capital qualifies the referred legal person as the foreign entity’s direct or indirect controller, as established in §§ 1 and 2 of article 243 of Law nº 6,404, of December 15, 1976;

II – the legal person characterized as direct or indirect controlled or as affiliated of the foreign entity, according to the definitions of §§ 1 and 2 of article 243 of Law n° 6,404, of 1976;

III - the legal person when this legal person and the foreign entity are under the same corporate or administrative control or when at least 10% (ten percent) of the equity capital of each one belongs to the same legal or natural person;

IV – the legal person that is associated to the foreign entity in the form of a consortium or condominium in any enterprise, as defined in the Brazilian legislation;

V – the foreign entity resident or domiciled in countries with favorable tax regimes or beneficiary of a privileged tax regime, as established in articles 24 and 24-A of Law n° 9,430, of 1996, provided that no proof is presented that their controllers do not pertain to the categories described in items I to IV of this paragraph.

Article 21 – The CNPJ registration of foreign entities not pertaining to the categories described in articles 19 and 20 is obtained as described in articles 14 to 16, with the compliance with dispositions of § 2 of article 20 and with the indication of the final beneficiaries as established in article 8.

Sole paragraph – The address of the entity domiciled abroad must be informed in the CNPJ and, should be the case, transliterated.

CHAPTER VIII REGISTRATION NULLITY

Article 35 – The CNPJ registration should be declared null when:

I – more than one CNPJ number has been attributed to the same institution;

(...)

§ 3 – The dispositions of item I of the **caput** do not apply to the CNPJ registration made in the terms of article 5.

NORMATIVE INSTRUCTION Nº 1,634/2016

CHAPTER II

REGISTRATION

Section I

Registration Obligation

Article 3—The following are required to register in the CPF as natural persons:

I - residents in Brazil that are part of the passive pole of main or accessory tax relationships, either as taxpayer or as responsible, as well as the respective legal representatives, in the terms of the tax legislation of Brazil, states, Federal District (Brasilia) or municipalities;

II - residents in Brazil and abroad that:

- a) Engage in real estate transactions in Brazil of any kind;
- b) Possess, in Brazil, banking accounts, savings and investment accounts;
- c) Trade in the Brazilian financial and capital markets, including in stock, futures and commodities exchanges or alike
- d) Possess, in Brazil, assets and rights subject to public registry or specific registration, including real estate, vehicles, vessels, airplanes, financial instruments and participation in capital equity or in the capital market;

III – are 12 (twelve) years old or more people that are qualified as dependents in the Natural Person Income Tax Annual Adjustment Declaration (Declaração de Ajuste Anual do Imposto sobre a Renda da Pessoa Física - DIRPF);

IV – have its registration required by any federal, state, district or municipal public administration organisms or entities in the terms of the specific legislation related to the business of the organisms and entities;

V - are registered in natural person registry offices in Brazil, at the moment of the registration of the birth certificate and after the agreement between RFB and the entity defined in item VIII of the caput of article 24 has come into effect; or

VI – are affiliated as mandatory beneficiaries of the Social Security or petitioner of any kind of social benefit from the National Institute of Social Security (Instituto Nacional do Seguro Social - INSS).

Sole paragraph – Natural persons can request their own registration even in cases where they are not required to.

Section I

Agreements

Subsection I

Entities with which the RFB is allowed to celebrate Agreements

Article 24 – For the purpose of registration in the CPF, the RFB can celebrate agreements with the following institutions:

I - Banco do Brasil S.A.;

II - Caixa Econômica Federal;

III – Brazilian Post and Telegraph Company (Empresa Brasileira de Correios e Telégrafos (ECT));

IV – Banking institutions belonging to the Federal Income Collecting Network (Rede Arrecadadora de Receitas Federais - Rarf);

V – Public state organisms and public entities for citizen services;

VI – Public federal organisms;

VII – Notary and Registry Association of Brazil (ANOREG);

VIII – Natural Person Registry Association of Brazil (ARPEN); and

IX – Brazilian Exchange Commission (CVM).

Subsection II

Agreements celebrated by RFB

Article 25 - RFB can celebrate agreements with other organisms from the federal public administration with the purpose of granting them the right to execute, free of charge, the acts defined in items I and II of the **caput** of article 2.

Article 26 – In order to register in the CPF, the entities mentioned in items I to IV of the **caput** of article 24 will have to celebrate agreement with RFB, according to the reference model presented in Annex VI of this Normative Instruction.

§ 1 – The accredited entities mentioned in the **caput** can charge the applicants the value corresponding to the services provided, independently if they are conclusive or not; RFB remaining free of any financial burden deriving from the services provided.

§ 2 – The value referred in § 1 will not exceed the amount of R\$ 7.00 (seven Reais).

§ 3 – The acts described in this article will take immediate effect, except in cases defined in article 30, and will implicate, necessarily, in the delivery to the applicant of the “CPF Registration Receipt” (“Comprovante de Inscrição no CPF”), according to the reference model presented in Annex I of this Normative Instruction.

Subsection IV

Accredited Entity Responsibility

Article 29 – The accredited entity will be responsible for the verification of the supporting documentation presented and the trustworthy transcription of the information provided in the CPF, except for the dispositions of § 2.

§ 1 – The accredited entities will be responsible (including employees) for the secrecy of the information to which they may have access to as a result of the registration in the CPF, including with respect to irregularities' reparation of or any damages incurred by the applicant and third parties.

§ 2 - In relation to acts carried out through agreements celebrated with entities defined in item IX of the **caput** of article 24, the financial institutions acting as foreign investors' representatives in Brazil will be the ones responsible for the verification of the supporting documentation and the trustworthy transcription of the information provided in the CPF, as well as for the safekeeping of the referred documentation.