

## \_ proposal to amend rules applicable to BM&FBovespa special trading segments

On June 27, 2016, BM&FBovespa Stock Exchange launched a public hearing regarding its proposal to amend the rules applicable to New Market (Novo Mercado) and Level 2 (Nível 2) special trading segments.

WITH THE PROPOSED CHANGES, BM&FBovespa INTENDS TO ALIGN THE CURRENT RULES TO INTERNATIONAL PRACTICES, AS WELL AS TO ELIMINATE PROVISIONS AND PROCEDURES THAT WERE NOT AS EFFECTIVE AS EXPECTED.

We highlight the following aspects of the proposed changes:

### \_ Free Float

companies shall have a minimum free float of 25% of the share capital or, alternatively, **20% of the share capital if the daily average financial volume of share trading is equal to or higher than R\$25 million**. In case of a public offering in an amount higher than R\$3 billion, the minimum free float during the first 18 months after the offering shall be of 20% of the share capital.

### \_ Management

- Definition of Independent Member of the Board of Directors: the new rule introduces a meticulous list of situations that eliminate the classification of a director as independent and provides an illustrative list that shall be used by the Board of Directors for the assessment of the effective independence of the director on a case by case basis.

- Number of independent members at the Board of Directors: the minimum number of independent members was changed to at least 2 or 20%, whichever is higher.

- New obligations: (i) inclusion of an annual evaluation process of the Board of Directors, the Committees and the Board of Officers, with the disclosure of the procedure, method and the main assessment criteria; (ii) disclosure of the maximum, average and minimum compensation of each management body and of the audit board (Conselho Fiscal); (iii) mandatory installation of a committee responsible for the appointment of candidates to the Board of Directors, the Committees and the Board of Officers, and a committee responsible for the compensation and benefits policy.

### \_ Monitoring and Control

Inclusion of internal corporate bodies for monitoring and control purposes, which are: audit committee, internal audit department and compliance department.

### \_ Disclosure

- Information in English: the disclosure of financial statements in English is no longer mandatory and, from now on, the disclosure in English of material facts and release of results is mandatory.

- Policies: obligation to prepare and disclose a policy for the appointment of candidates for positions as members of the Board of Directors, Board of Officers and committees; management risk policy; related parties transaction policy and social-environmental policy.

- Trading: monthly reports on securities held directly or indirectly by the controlling shareholder and its related persons.

\_ Transfer of Control: the buyer shall provide the minority shareholders of the company with the option to remain as shareholders of the company with the payment of a premium fee corresponding to the difference between the average outstanding share price within the 6-month period prior to the disclosure of the transfer of control and the tender offer price.

\_ Tender Offer due to acquisition of relevant corporate interest: obligation to launch a tender offer in case of voluntary acquisition of corporate interest higher than 30% of the share capital.

\_ Exit from the Novo Mercado special segment: the exit of the company from the Novo Mercado segment is conditioned upon the approval of more than 50% of the outstanding shares, considered for this purposes the shareholder base on the date of release of the material fact related thereto. The need of a tender offer may be dismissed by shareholders holding the same number of outstanding shares, if they consider the exit from Novo Mercado segment is in the company's interest.

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COMMENTS TO THE PROPOSED CHANGES CAN BE SENT TO THE E-MAIL NOVOMERCADO@BVMF.COM.BR UP TO SEPTEMBER 9, 2016. AFTERWARDS, BM&FBOVESPA WILL FORMULATE THE FINAL PROPOSAL TO BE SUBMITTED TO THE APPROVAL OF THE COMPANIES LISTED IN THE RESPECTIVE SPECIAL TRADING SEGMENTS.

THE PUBLIC HEARING NOTICE AND THE PROPOSALS ARE AVAILABLE AT:

<http://www.bmfbovespa.com.br/lumis/portal/file/fileDownload.jsp?fileId=8AA8D097554F30D901559272F0172F18>

<http://www.bmfbovespa.com.br/lumis/portal/file/fileDownload.jsp?fileId=8AA8D097554F30D901559272F0682F60>

## \_ Brazilian Federal Revenue Services changes provisions regarding the Brazilian Corporate Tax Identification Number (CNPJ)

On June 2016, came into force Brazilian Federal Revenue Services Normative Instruction 1.634/2016 ("IN 1.634"), which consolidated all the applicable rules regarding the Corporate Tax Identification Number (CNPJ) and introduced relevant changes thereto.

THE CHANGES INTRODUCED BY IN 1.634 WERE THE RESULT OF STUDIES BY FEDERAL AGENCIES UNDER THE NATIONAL STRATEGY TO FIGHT CORRUPTION AND MONEY LAUNDRY.

Find below the main changes:

\_ Chain of Corporate Interest: Certain entities whose CNPJ registration is mandatory (such as, Brazilian corporate entities and those domiciled abroad which hold assets in Brazil, including real estate and corporate interest) shall report their authorized representative and their corporate chain of shareholding until it reaches (i) the natural persons characterized as ultimate beneficial owners of their assets; or (ii) any of the following entities:

- (a) Brazilian publicly held companies or companies headquartered in countries which requires the public disclosure of all shareholders considered relevant and which are not incorporated in jurisdictions with favored taxation or submitted to preferential tax regime;
- (b) non-profit entities which do not act as trustees and are not incorporated in jurisdictions with favored taxation or submitted to preferential tax regime;
- (c) multilateral agencies, central banks, government

agencies or those connected to sovereign funds;  
(d) pension entities, pension funds and similar entities, as long as regulated and monitored by a governmental authority competent in Brazil or in their country of origin; and  
(e) national investment funds regulated by the Brazilian Securities and Exchange Commission – CVM ("Comissão de Valores Mobiliários"), as long as the Brazilian Federal Revenue Services is informed of the tax identification number of the quotaholders of each fund managed by them.

Ultimate beneficial owner are: (i) natural persons who, ultimately, directly or indirectly, own, control or significantly influence an entity; or (ii) natural persons on behalf of whom a transaction is performed. The significant influence is presumed when a natural person holds more than 25% of an entity share capital, directly or indirectly, or holds or exercises, directly or indirectly, the preponderance in the corporate decisions and the power to elect the majority of the managers, even if it does not control the entity.

The obligation to comply with the new rules set forth at IN 1.634 begins on January 1, 2017, with regard to those entities that apply for a tax identification number as from such date. For those entities already holding a CNPJ before January 1, 2017, it will only be necessary to report their ultimate beneficial owners when updating or amending their data before the Brazilian Federal Revenues Services after January 1, 2017 or by December 31, 2018, whichever happens first.

IN 1.634 can be accessed in Portuguese at:  
<http://normas.receita.fazenda.gov.br/sijut2consulta/link.action?idAto=73658>

## \_ census of foreign capital in Brazil

On June 17, 2016, the Central Bank of Brazil Resolution 3.795 was published, which changed and consolidated the rules regarding the Census of Foreign Capital in Brazil ("Resolution 3.795").

RESOLUTION 3.795 PROVIDES FOR TWO TYPES OF FOREIGN CAPITAL CENSUS: (I) FIVE-YEAR CENSUS, WHICH REGARDS DATA ON DECEMBER 31 OF EACH YEAR ENDED IN 0 OR 5; AND (II) ANNUAL CENSUS, REGARDING DATA ON DECEMBER 31 OF ALL OTHER YEARS ON WHICH NO FIVE-YEAR CENSUS IS DUE.

The following persons shall provide information regarding the Five-year Census:

- (i) legal entities headquartered in Brazil, with direct corporate interest of non-residents in their share capital, in any amount in the respective base date;
- (ii) investment funds with non-resident quotaholders in the respective base date; and
- (iii) legal entities headquartered in Brazil, with total debt balance of short-term commercial credits (due within up to 360 days) in an amount equal to or higher than US\$1 million granted by non-residents in the respective base date.

Regarding the **Annual Census**, the following persons shall provide information:

- (i) legal entities headquartered in Brazil, with direct corporate interest of non-residents in their share capital, in any amount and with net equity value equal to or higher than US\$100 million in the respective base date;
- (ii) investment funds with non-resident quotaholders and with net equity value equal to or higher than US\$100 million; and
- (iii) legal entities headquartered in Brazil, with total debt balance of short-term commercial credits (due within up to 360 days) equal to or higher than US\$10 million granted by non-residents in the respective base date.

FAILURE TO SUBMIT INFORMATION, PROVIDING FALSE, INCOMPLETE OR INCORRECT INFORMATION, AS WELL AS SUBMISSION OF INFORMATION AFTER ITS DUE DATE MAY SUBJECT THE INFORMANT TO A FINE IN THE AMOUNT OF UP TO R\$250 THOUSAND, APPLIED BY THE BRAZILIAN CENTRAL BANK PURSUANT TO APPLICABLE REGULATION.

THE FIVE-YEAR CENSUS OF 2016 (RELATED TO BASE YEAR 2015) SHALL BE SUBMITTED TO THE BRAZILIAN CENTRAL BANK UNTIL 6 P.M. ON AUGUST 15, 2016, AND CAN BE ACCESSED AT:  
<http://www.bcb.gov.br/Rex/CensoCE/Censo2015/default.asp?idpai=CAMBIO>

RESOLUTION 3.795 MAY BE ACCESSED AT:  
[http://www.bcb.gov.br/pre/normativos/busca/downloadNormativo.asp?arquivo=/Lists/Normativos/Attachments/50213/Circ\\_3795\\_v1\\_O.pdf](http://www.bcb.gov.br/pre/normativos/busca/downloadNormativo.asp?arquivo=/Lists/Normativos/Attachments/50213/Circ_3795_v1_O.pdf)