

_ applicability of the Brazilian Securities and Exchange Commission (CVM) Instruction 561 regarding the distance voting on Shareholders' Meetings in 2016

CVM Instruction 561, edited on April 7, 2015, regarding the rules for the distance voting procedure will be valid as of January 1st, 2016 for those companies which, on April 9, 2015, had at least one class or type of shares listed in the following securities portfolio general indexes: (i) Índice Brasil 100 – IbrX-100; or (ii) Índice Bovespa – IBOVESPA.

_ new rules for stock trading involving publicly-held corporations

On September 17, 2015, the CVM edited Instructions 567 and 568, which replace CVM Instruction 10 and modify CVM Instructions 358, 480 and 481.

CVM Instruction 567 provides new rules on the trading, by publicly-held corporations, of its own securities and derivatives related thereto. According to CVM, Instruction 567 has as main objectives: to update CVM rules on this subject and to harmonize them with international rules, as well as to incorporate CVM Board precedents and to cover transactions with derivatives.

CVM Instruction 568 provides changes to CVM Instruction 358 regarding the disclosure of information on the trading of company's shares and regulates, more clearly, the disclosure of acquisition of relevant corporate interest and the share trading by the members of the management and other people with potential access to insider information.

Both Instructions (567 and 568) entered into force on September 18, 2015, provided that CVM Instruction 567 does not apply to transactions announced before said date.

The main amendments provided by CVM Instructions 567 and 568 are the following:

CVM INSTRUCTION 568 PROVIDES NEW RULES ON THE NEGOTIATION, BY PUBLICLY-HELD COMPANIES, WITH THEIR OWN SHARES AND DERIVATIVES.

CVM INSTRUCTION 567

_ APPLICATION TO DERIVATIVES

Bearing in mind that the execution, by publicly-held corporations, of derivative instruments referenced in their own shares usually has effects that are similar to the ones in the direct purchase of its own shares, the transactions involving derivatives from now on are subject to most of the restrictions applicable to the trading its own shares by publicly-held corporations.

_ AUTHORISATION TO NEGOTIATE

Some transactions involving the corporation's own shares that, according to CVM Instruction 10 were prohibited, but frequently exempt by CVM on a case by case basis, such as, some transactions out of organized securities markets and the acquisition at a price higher than market price, are now expressly allowed, provided that certain requirements set forth in CVM Instruction 567 are met.

CVM INSTRUCTION 567 PROVIDES FOR THE NEED OF PRIOR APPROVAL OF GENERAL SHAREHOLDERS' MEETING IN SPECIFIC CIRCUMSTANCES, SUCH AS, IN CASE THE ACQUISITION IS CARRIED OUT OUTSIDE AN ORGANIZED SECURITIES MARKET AND INVOLVES MORE THAN 5% OF A TYPE OR CLASS OF OUTSTANDING SHARES OR WHOSE PRICE PER SHARE IS HIGHER THAN 10% OF ITS MARKET PRICE.

Thus, in some cases, the deciding body concerning these transactions shifted from

CVM to the shareholders themselves, which are in fact, the most affected by the transactions carried out outside an organized securities market.

_ DEFINITION OF TREASURY SHARES

The limit of 10% of each type or class of outstanding shares that could be held in treasury set forth in CVM Instruction 10 was maintained; however, the definition of outstanding shares for this purpose has changed and from now on, not only the shares held by the controlling shareholder, but also the shares held by those that are bound to the controlling shareholder and those held by the managers of the company are excluded from the definition of outstanding shares for this purpose.

_ AVAILABLE RESOURCES FOR SHARE ACQUISITION

The acquisition of its own shares by the company remains conditioned upon the existence of certain profit and capital reserves. However, the list of profit and capital reserves considered unavailable was updated to reflect changes in Law 6.404 (Brazilian Corporation Law) that were approved after the enactment of CVM Instruction 10.

In addition, pursuant to recent decisions by CVM, from now on the use of the Company's latest financial statements (including the interim financial statements or the quarterly financial statements) are mandatory to access the existence of available resources for the acquisition of its own shares by the company.

_ EVALUATION BY DIRECTORS

The authorization for trading with its own shares issued by the management itself or by the General Shareholders' Meeting, as the case may be, will now depend on the confirmation by management that they have taken the necessary measures to secure:

- (i) the financial situation of the company is compatible with the settlement of the acquisition without affecting the fulfilment of obligations with creditors or the payment of fixed or minimum dividend; and
- (ii) in the case the available resources are confirmed by the interim or quarterly financial statements, there are no foreseeable facts capable of triggering significant changes in the total amount of available resources during the remaining of the financial year, as applicable.

According to CVM, the reason for this new requirement is that the existence of profits and reserves does not necessarily mean the company is capable of fulfilling its obligations.

_ DEADLINE TO SETTLE THE TRANSACTIONS AND COMPLIANCE WITH THE LIMIT OF AVAILABLE RESOURCES

The deadline to settle the transactions involving the company's shares was extended from 365 days to 18 months as from the transaction approval.

THE DEADLINE TO SELL OR CANCEL TREASURY SHARES IN CASE OF EXCEEDING THE LIMIT OF AVAILABLE RESOURCES WAS ALSO EXTENDED FROM 3 TO 6 MONTHS, AS FROM THE DISCLOSURE OF THE FINANCIAL STATEMENTS WHICH SERVE AS BASIS FOR THE CLAUCLATION OF SUCH AN EXCESS.

CVM INSTRUCTION 568

_ MONTHLY DISCLOSURE OF SHARE TRADING INFORMATION

One of the most important innovations of CVM Instruction 568 is the frequency and content of the disclosure of information regarding the trade with the company's own shares. The companies are now required to monthly disclose the buying and selling transactions with its own shares (and no longer quarterly), as they disclose transactions carried out by their managers.

_ DISCLOSURE OF RELEVANT TRANSACTIONS

The rule related to the disclosure of relevant transactions with shares by any shareholder was simplified, from now on it will be mandatory to disclose these transactions whenever the total percentage held by the shareholder in any class or type of shares reaches (or is reduced to) the fixed multiples of 5% (i.e., 5%, 10%, 15% and so on), which provides more clarity about the moment when the disclosure has to be made.

From now on, the update of the Reference Form is due within 7 workdays whenever the aforementioned limits are reached.

Furthermore, the same information required in the disclosure of acquisition of relevant corporate interest (including the description of the shareholder's objectives with the transaction) shall be disclosed in case of sale of relevant corporate interest.

TRADING POLICY AND INVESTMENT PLANS

The distinction between the concepts of securities trading policy and investment plan, which are frequently the object of doubt by market players, was improved. The trading policy is now defined as a set of supplementary rules to the current regulation and of optional adoption by publicly-held corporations (except those listed in special segments of corporate governance of BM&FBOVESPA, which must necessarily adopt a securities trading policy). The investment plan, in contrast, must be understood as a personal document, which regulates tradings by an specific person and, if certain requirements are satisfied, it allows the trading by such person with company shares even on blackout periods pursuant to its rules.

WITH THE NEW REGULATION, FROM NOW ON THE BOARD OF DIRECTORS IS RESPONSIBLE FOR VERIFYING, AT LEAST TWICE A YEAR, THE CONFORMITY OF THE TRADES CARRIED OUT BY THE RELEVANT PERSONS WITH THEIR RESPECTIVE FORMALIZED INVESTMENT PLANS.

CVM instructions 561, 567 and 568 are available for consultation, respectively, on the following websites:

<http://www.cvm.gov.br/export/sites/cvm/legislacao/anexos/inst/500/inst561.pdf>

<http://www.cvm.gov.br/export/sites/cvm/legislacao/anexos/inst/500/inst567.pdf>

<http://www.cvm.gov.br/export/sites/cvm/legislacao/anexos/inst/500/inst568.pdf>

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