

# REGULATIONS OF INTEREST TO FOREIGN INVESTORS

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## CVM INSTRUCTION NR.8

dated October 8, 1979.

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Any questions arising from the text should be  
clarified by consulting the original

The Board of Commissioners of the Securities Commission hereby makes public that, during a session held on this date and in accordance with the provisions of articles 4, V and VII and 18, II c of LAW No. 6.385; dated December 7, 1976,

Resolved It ruled that:

I - Managers and stockholders of public companies, intermediaries, and other participants in the securities market are prohibited from creating artificial conditions of demand, supply, or price of securities, from engaging in price manipulation, in the execution of fraudulent operations, and in the use of unfair practices.

II - For the purposes of this Instruction, the following concepts shall apply:

a) artificial demand, supply or price conditions of securities are those created as a result of trades performed by participants or intermediaries that, due to fraudulent action or intentional omission, cause direct or indirect alterations in the flow of purchase or sale orders for securities;

b) price manipulation on the securities market is the utilization of any process or stratagem intended directly or indirectly to raise, maintain, or lower the quotation of any security, inducing third parties to purchase and sell it;

c) fraudulent trading on the securities market is that which uses deceptions or stratagems to induce or maintain third parties to commit errors, for the purposes of obtaining illicit equity gains for the parties involved in the operation, the intermediaries or third parties;

d) unfair practice on the securities market is that which directly or indirectly results, effectively or potentially, in treatment for any of the parties in negotiations involving securities, which places them in an improper position of imbalance or inequality with respect to the other participants in the transaction.

III - Failure to comply with the provisions contained in this Instruction is deemed to be a serious offence, subject to application of the penalties stipulated in article 11, Sections I to VI of LAW No. 6.385/76.

IV - This Instruction comes into effect on the date of its publication in the Official Government Gazette.

ROBERTO TEIXEIRA DA COSTA

CHAIRMAN

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