

CVM INSTRUCTION No. 461, OF OCTOBER 23, 2007

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

Governs the regulated security markets and provides on the formation, organization, operation and dissolution of stock exchanges, futures and commodities exchanges, organized markets and non-organized markets.
Supersedes CVM Instructions No. 42, of February 28, 1985; February 28, 1985; No. 179, of February 13, 1992; No. 184, of March 19, 1992; No. 203, of December 7, 1993; No. 263, of May 21, 1997; No. 344, of August 17, 2000; No. 362, of March 5,

2002; No. 379, of November 12, 2002; Art. 6 of CVM Instruction No. 312, of August 13, 1999; Articles 1 to 14 and 17 of CVM Instruction No. 243, of March 1, 1996, CVM Instruction No. 250, of June 14, 1996; Articles 2 to 7, **introductory provisions,** and §1 of Art. 8, Art. 10, 13, 15 and 16 of CVM Instruction No. 297, of December 18, 1998; the sole paragraph of Art. 1 and Art. 3 of CVM Instruction No. 202, of December 6, 1993; and CVM Resolution No. 20, of February 15, 1985.

The **PRESIDENT OF COMISSÃO DE VALORES MOBILIÁRIOS - CVM** [*Brazilian Securities and Exchange Commission*] hereby announces that the Collegiate, at the meetings held on September 17 and 18, 2007, in view of the provisions of

Article 8, item I, and 18, item I, letter "f" of Law No. 6,385, of December 7, 1976, RESOLVED to enact the following Instruction:

SCOPE AND PURPOSE

Art. 1 This Instruction governs the operation of regulated markets of securities, as well as the formation, organization, operation and dissolution of stock exchanges, securities and exchange commissions, organized markets and non-organized markets.

CHAPTER I

REGULATED MARKET OF SECURITIES

Section I

Scope

Art. 2 The regulated markets of securities comprise organized stock exchanges, organized markets and OTC markets.

Art. 3 Organized markets of securities shall mean the physical space or electronic system designed for the negotiation or registration of operations with securities by a certain number of people authorized to trade, whether they are acting on their own account or on behalf of a third party. 2

§1 Organized markets of securities are the stock exchanges, commodities and futures markets and the organized over-the-counter markets.

§2º Organized markets of securities shall be managed by managing entities authorized by CVM.

Art. 4 Conducted in a non-organized over-the-counter market is considered the transaction of securities in which a broker intervenes as an intermediary, a member of the distribution system referred to in items I, II and III of Art. 15 of Law No. 6,385, of 1976, with the business not being transacted or registered in an organized market that satisfies the definition of Art. 3.

Sole paragraph. A transaction of securities in which a member of the distribution intervenes as a party will also be considered a transaction in a non-organized over-the-counter market when any such transaction results from the activity of securities underwriting on their own account or for the purpose of resale in the market or the acquisition of outstanding securities for resale on its own account.

CHAPTER II

ORGANIZED MARKETS OF SECURITIES

Section I

Classification of Organized Markets of Securities

Art. 5 An organized market of securities shall be considered by CVM as an organized exchange or an organized over-the-counter market, depending, in

particular, on the following:

I – the existence of a system or environment for registration of operations previously effected;

II – rules adopted in their transaction environments or systems for pricing, as described in Articles 65 and 73, in the case of an exchange, and Articles 95 and 96, in the case of an organized over-the-counter market;

III – possibility of direct participation in the market, with no intervention of any intermediary;

IV – possibility of postponing the disclosure of information on the transactions carried out;

V – volume traded in their environments and systems; and

VI – investor audience targeted by the market.

Sole paragraph. The characteristics referred to in items I, III and IV are only admitted for organized over-the-counter markets, in the manner set forth, respectively, in Articles 92, item III, 93 and 105 of this Instruction.

Art. 6 CVM may order the transformation of the organized over-the-counter market in an exchange, the change of operation procedures or rules of organized over-the-counter market or the amendment of waivers or special authorities granted pursuant to this Instruction, by reason of actual characteristics of the market.

Sole paragraph. The order referred to in the introductory paragraph shall be issued according to the procedure set out in Art. 115 of this Instruction.

Section II

General Rules

Art. 7 The operation and dissolution of organized markets of securities depends on CVM prior approval.

§1 Organized markets of securities may be divided into trading segments, taking the characteristics of the transactions carried out, the securities traded, the issuers thereof, the transaction system used and the quantities traded into account.

§2 The operation and dissolution of the trading segment are contingent upon CVM's prior consent, in writing.

§3 Every information or advertising material referring to organized markets of securities shall mention, in an outstanding manner, its nature of either an exchange or of an organized over-the-counter market.

Art. 8 Any non-corporate advertising material should be sent by the management entity to CVM in its full version, no later than five (5) days prior to the dissemination thereof.

§1 For the purposes of this Article, non-corporate advertising shall mean the advertising that constitutes an offer of products or services related to organized markets of securities.

§2 The material referred to in the **introductory provision** hereof shall:

a) use clear and moderate language;

b) not underestimate the risk involved in transactions with the product or service in question; and

c) be consistent with the principles of clarity, completeness and truthfulness of the information.

§3 CVM may, at any time, request rectification, changes or even the suspension of advertising disclosure established in the **introductory provisions** hereof.

CHAPTER III

MANAGING ENTITIES OF ORGANIZED MARKETS OF SECURITIES

Section I

General Rules

Art. 9 Organized markets of securities shall compulsorily be structured, maintained and inspected by managing entities authorized by CVM, organized as associations or stock corporations, and shall meet the requirements of this Instruction.

§1 The requirements set forth by this Instruction for the structure, organization and operation of the managing entity of organized markets of securities may be complied with, in whole or in part, by corporate entities controlled thereby, by its controlling company or by third-party contractors, provided that, at CVM's discretion, the purposes envisaged by the imposition of these requirements are attained.

§2 The rules of this Instruction that pertain to the duties of conduct and responsibility of partners, managers, employees and representatives of the markets managed thereby, inasmuch as they apply to the markets managed by them, when they are independently organized, whether as a controlled company whose stock capital is owned entirely by the managing entity or as a company controlled thereby.

§3 For the purpose of the application of the provisions of §§ 1 and 2, the managing entity shall submit to CVM, when the application for the license of operation as an organized market, its legal, corporate, capital, equity and organizational structure.

§4 CVM Collegiate may waive the compliance with the requirements imposed by this Instruction for the structure, organization and operation of the managing entity, provided that the requirements are consistent with the market structure and nature to be managed by the entity, or the purposes envisaged for the imposition of these requirements are attained by alternative mechanisms adopted

by the entity.

Art. 10. A partner in the managing entity of organized items, for the purposes of this Instruction, shall be considered the member or shareholder, according to the form of legal organization.

Sole paragraph. The partner status may be a condition precedent for the authorization to operate, according to the bylaws of the managing entity.

Art. 11. A person authorized to trade, for the purposes of this Instruction, shall be considered the individual or legal entity duly authorized, by the managing entity, to participate in the environments or systems of trading or registration of transactions in the organized market.

Sole paragraph: The participation referred to in the **introductory provisions**, in the cases and conditions set forth by the managing entity of an organized market:

I – by intermediaries, on their own name or on behalf of third parties;

II – by special operators, on their own name or on behalf of an intermediary;

III – on their own name, on behalf of other corporate entities or investment funds, directly and with no requirement for the intervention of an intermediary.

Art. 12. The same company may establish and manage more than one organized market of securities, provided that:

I – it satisfies the requisites established for each category of organized market;

II – it obtains specific authorization from CVM;

III – it keeps segregated controls of the operating risks of each market; and

IV – it provides the self-regulation department with appropriate financial funds and specialized human resources for the supervision of each of the markets, by adopting the segregation mechanisms required for adequate inspection.

Art. 13. Aside from the activities required for their participation as managers of organized markets of securities, these entities may:

I – manage securities clearing, liquidation and custody systems, as long as they have obtained specific authorizations from CVM or the Central Bank of Brazil;

II – provide technical, administrative and managerial support relating to its corporate purpose to the persons authorized to trade;

III – undertake, either directly or indirectly, educational, promotional and editorial activities related to their corporate purpose and to their markets managed thereby;

IV – provide market development services; and

V – engage in other business, upon CVM's prior consent, in writing.

§ 1 Except for any interest arising out of their financial investment policy, the managing entity of an organized market and their controlled companies shall only hold an equity interest in third parties engaging in business similar to or related with their own.

§ 2 The managing entity of an organized market shall not hold an equity interest in any person authorized to trade in the markets under its responsibility.

Section II

Duties of Managing Entities

Art. 14. The managing entity of an organized market shall maintain the balance between its own interests and the public interests to be served, as the party responsible for the preservation and self-regulation of the markets managed thereby.

Art. 15. The managing interest will be in charge of approving the organization and operation rules of the markets managed thereby, which shall encompass, as a minimum, the following:

I – conditions for admission to and continued action as a person authorized to trade in the markets managed thereby, including as a partner, if required, subject to the provisions of Art. 51, §2;

II – procedure for admission, suspension and exclusion of persons authorized to trade in the markets managed thereby, including as a partner, if required;

III – definition of the classes, rights and responsibilities of the persons authorized to trade in the markets managed thereby;

IV – definition of the transactions permitted in the markets managed thereby, as well as of the inspection structures of the transactions carried out;

V – requisites for admission to trading and maintenance of authorization for transactions with securities in the markets managed thereby, as well as the cases of suspension and cancellation of the trading authorization; and

VI – creation and operation of a self-regulatory department, according to Section II of Chapter IV.

Sole paragraph. CVM may deny the approval of the rules or request alterations thereof, at all times as it considers them insufficient for the proper operation of the securities market, or otherwise that they breach any legal or regulatory provision, subject to, as far as the need of alterations is concerned, the procedure described in Section VIII.

Art. 16. The managing entity of an organized market of securities shall:

I – keep a record of the transactions in the trading environments managed thereby for no less than five (5) years, or through the closing of investigations in the event that CVM notifies the managing entity of any existing investigation procedure;

II – except if the direct settlement between persons authorized to trade is expressly set forth in a regulation, to undertake the physical and financial settlement of transactions carried out in trading environments managed thereby, whether directly or using, for that purpose, a clearing and settlement entity authorized by CVM and by the Central Bank of Brazil;

III – promote cooperation between and coordination of the entities responsible for supervision and inspection, for the clearing and settlement, as well as for the handling of information pertaining to the transactions carried out, at all times when these services are not provided in-house.

Sole paragraph. The provision of clearing and settlement services by the managing entity itself or by any entity retained by the latter shall be contingent upon specific authorizations granted by CVM and the Central Bank of Brazil.

Art. 17. The managing entity of organized markets of securities shall also be responsible for approving the rules of conduct required for the proper operation thereof and for the maintenance of high ethical trading standards in the markets managed thereby, for which it shall provide detailed information on the obligations of its managers, employees, representatives and controlling shareholders, as well as on the persons authorized to trade, their managers and representatives.

§1 The managing entity shall establish the sanctions in the event of non-compliance with the rules set out in the **introductory provisions** hereof, always with due regard for the right to adversary proceedings.

§2 The rules of the **introductory paragraph** shall govern, as a minimum, the form of trading, the amount of securities admitted for trading in organized markets of securities managed by the managing entities, the employees and representatives thereof, as well as by the managers, employees and representatives of the persons authorized to trade, so as to ensure the control of these agents by the managing entity and by the person authorized to trade, as well as to prevent improper transactions by these agents.

Art. 18. Subject to the provisions of Supplementary Law No. 105, of January 10, 2001, the managing entities of organized markets of securities should agree upon themselves the following mechanisms and rules:

I – exchange of information on facts that might affect the regularity and transparency of the transactions carried out in their markets, at all times when the securities traded therein are admitted for trading in more than one organized market; and

II – that render the clearing and settlement of transactions effected outside their environments and trading systems.

Section III

Organization of Managing Entities

Art. 19. The managing entity of an organized market, irrespective of its legal

form of organization, should necessarily count on the following bodies:

I – Board of Directors, with an Audit Committee;

II – a Chief Executive Officer;

III – a Self-Regulation Council;

IV – a Self-Regulation Department; and

V – a Chief Officer for Self-Regulatory Affairs.

§1 The agencies referred to in the **introductory provisions** have the duties and responsibilities set forth by the bylaws, subject to the provisions of this Instruction.

§2 The self-regulatory activities will be solely incumbent upon the agencies mentioned in items III to V of the **introductory provisions**, with the assigned activities of supervision and inspection being prohibited to the Board of Directors and to the Chief Executive Officer.

§3 The prohibition established in §2 does not impair the participation of officers of the managing entity in the Self-Regulation Council, subject to the provisions of Art. 47.

§4 The provisions of §2 does not exempt either the Board of Directors of its tasks listed in Art. 24, VIII, or the Chief Executive Officer of his authorities described in Art. 28, items II to VII, and in Art. 64.

Section IV

Bylaws

Art. 20. The bylaws should establish the rules referring to the administrative structure of the managing entity that ensures the adequate operation of the market managed thereby and the performance of its self-regulatory functions, also providing the rules on:

I – election, taking of office, replacement and removal of members of the Board of Directors and of its Audit Committee, of the Self-Regulation Council, of the Chief-Executive-Officer and of the Chief Officer of the Self-Regulation Department;

II – minimum requirements for the appointment to the Board of Directors and its Audit Committee, Self-Regulation Council and to the offices of Chief Executive Officer and Chief Officer of Self-Regulation;

III – the duties of the Board of Directors, the Chairman of the Board, of the Chief Executive Officer and of the Chief Officer of Self-Regulation, subject to the provisions of this Instruction;

IV – merger, consolidation, spin-off, transformation and dissolution of the managing entity;

V – summons, competence and operation of a general meeting, with at least one annual meeting scheduled to be held in the four first months subsequent to the closing of the financial year;

VI – a maximum term for preventive suspension, by the Chief Executive Officer, of a person authorized to trade (Art. 28, VII); and

VII – the authority in charge of the admission, suspension and exclusion of people authorized to trade, except in the event of a measure arising out of penalties imposed by the Self-Regulation Council (Art. 49).

§1 As the status of partner is a requisite to be granted authority to operate in a marked managed by the entity, the bylaws should:

I – govern the aspects specified in items I to III of Art. 15; and

II – provide for the free trading of equity securities or of stock issued by the managing entity of the market.

§2 The amendments to the bylaws will be subject to CVM's prior consent, to be granted according to the procedure established in Chapter VIII.

Section V

General Meeting

Art. 21. The general meeting has the authority to elect and remove the members of the Board of Directors and to deliberate on all the acts pertaining to the managing entity, with due regard, however, for preserving the autonomous nature of the self-regulation structure referred to in Chapter IV.

Sole paragraph: The notice of the general meetings of the managing entities, together with the proposal for the management, if any, shall be sent to CVM simultaneously with the disclosure thereof.

Section VI

Administration

Art. 22. The administration of the managing entity of the organized market shall be incumbent upon the Board of Directors, the Chief Executive Officer and other Officers, and the bylaws should specify the powers of the Board of Directors and of the officers, subject to the provisions of this Instruction.

Sole paragraph. The officers of the managing entity should perform the duties conferred upon them by the law, the regulatory rules and the bylaws in order to attain the entity's purpose and satisfy its interests, always with due respect for the public interest in the proper operation of an organized market managed thereby..

Art. 23. The officers should be individuals with the qualifications, knowledge and technical capabilities required for the performance of the duties assigned to them.

§1 When the case is one of a proposal from the managing entity's controlling

shareholder or administration, the call of the general meeting in which it is intended to elect an officer should be made with the provision that all the information specified in Enclosure IV are available in a signed statement executed by the candidate subject to the penalties of law.

§2 The following circumstances shall operate to preclude the officer's election or the hire of an employee or relevant representative of the managing entity:

I – the occurrence of any of the preclusion cases established in Law No. 6,404, of 1976, except if the Law admits a waiver thereto by the general meeting;

II – the award rendered in a judgment on any of the offenses specified in Chapter VII-B of Law No. 7,492 and in Law No. 9,613, of 1998, unless the reinstatement thereof has already been ordered;

III – the submission of misrepresentations, of false, inaccurate or incomplete statements, for their extent or contents, if they are relevant for checking the **introductory provisions** and the provisions of §1 hereof.

§3 For the purposes of the application of the provisions of §2, an employee or representative shall mean the one to whom a management role is assigned, according to the organizational chart presented by the managing entity upon the request of authorization or at the time of the update thereof.

§4^o The officers who fail to satisfy the requisites set forth for the position by reason of a supervening or unknown fact at the time of endorsement of their name shall be removed immediately, and any such occurrence shall be notified to CVM.

Section VII

Board of Directors

Subsection I

Competence

Art. 24. It will be incumbent solely upon the Board of Directors:

I – approve the rules referring to the general operation of the market managed, the regulations thereof, as well as the rules referring to the admission, suspension and exclusion of individuals authorized to trade;

II – approve the rules referring to the admission to trade, suspension and exclusion of securities and the corresponding issuers, if applicable;

III – without prejudice to the competence assigned to the Chief Executive Officer in Art. 64, I, order the market recess, in whole or in part;

IV – select and remove independent auditors, in the manner established by the Audit Committee (Art. 27);

V – establish the events, time periods and effects of the filing of appeals to the Board of Directors, in particular in the cases specified in Articles 28 and 64;

- VI – try the appeals in the cases provided for in the bylaws or in a regulation;
- VII – approve the budget of the Self-Regulation Department and of the Self-Regulation Council, as well as the work schedule corresponding thereto;
- VIII – examine the reports specified in Art. 45, prepared by the Chief Officer of the Self-Regulation Department and deliberate on any arrangements required by reason of the contents thereof;
- IX – approve the annual report of internal control of operating risks, as well as the business continuation plan addressed in Art. 63;
- X – elect and remove the Chief Executive Officer and other Officers;
- XI – elect and remove members of the Self-Regulation Council; and
- XII – elect and remove members of the Self-Regulation Department from the independent members of the Self-Regulation Council (Art. 38).
- §1 The documents referred to in item VII shall be remitted to CVM within five (5) business days from their approval, accompanied, if applicable, of the grounds for the rejection of the proposal submitted by the Self-Regulation Council.
- §2 Only the independent members of the Board of Directors shall take part in the deliberation specified in item XII.

Subsection II

Structure

Art. 25. The corporate bylaws of the managing entity shall contain the rules pertaining to the structure and operation of the Board of Directors, subject to the following precepts:

- I – the majority of its members shall consist of independent directors, as provided for in Art. 26; and
- II – there shall not be any director related to the same person authorized to trade, or the same entity, concern or group to which the same person authorized to trade belongs.

Art. 26. An independent director is the one who has no relationship to:

- I – the managing entity, the direct or indirect controller thereof, or otherwise the company under a directly or indirectly common control therewith;
- II – the officer of the managing entity, the direct or indirect controller thereof, or otherwise any controlled entity thereunder;
- III – a person authorized to trade in its market; and
- IV – a member who owns an interest of 10% or more of the voting capital of the managing entity.

§1 A relation to the persons identified in the **introductory provisions** hereof:

I – an employment relationship or any other relation arising out of the provision of permanent professional services or the holding of an interest in any administrative, consulting, tax or advisory body;

II – the direct or indirect corporate interest equal to or higher than ten percent (10%) of the total company's capital or the voting capital; or

III – being a spouse, significant other or relative to the second degree.

§2 For the purpose of the provisions of item I of §1 hereof is equated to the one existing within one year at the latest prior to the taking of office as a member of the Board of Directors.

§3 For the purpose of the introductory provisions hereof, a relationship shall not be considered the participation in any administrative or inspection body as an independent member.

Section VIII

Audit Committee

Art. 27. The Audit Committee is the body of the Board of Directors and shall have the authority to review the following matters:

I – propose to the Board of Directors the appointment of independent auditors and ratify the choice made;

II – accompany the internal audit results, as well as to propose to the Board of Directors any actions required to improve them;

III – analyze the financial statements of the managing entity, also making the recommendations that they see as necessary for the Board of Directors; and

IV – assess the internal controls referred to in Art. 75, as well as the annual report mentioned therein, for their effectiveness and sufficiency.

Section IX

Chief Executive Officer

Art. 28. It is incumbent upon the Chief Executive Officer:

I – on request, send to CVM the information referring to its transactions with securities within the time period, in the manner and details specified, including the specification of the final committed parties;

II – admit, suspend or exclude securities from the transaction;

III – promote, without prejudice to the activities carried out by the Self-Regulation Department, the real-time supervision and surveillance of the transactions carried out in the markets managed thereby;

IV – take measures and adopt procedures to inhibit transactions likely to be violations of legal rules and regulatory standards;

V – cancel any transactions carried out, provided that they have not yet been liquidated, in the market managed, or otherwise suspend or request the clearing and settlement entities to suspend the liquidation thereof, at all times as there is a risk that they can be violations of legal rules and regulatory standards;

VI – immediately report to the Chief Officer of the Self-Regulation Department any facts that of which he/she may become aware that can be a violation of the legal rules and regulatory standards;

VII – preventively order, without prejudice to the specific duties of the Self-Regulation Department, the suspension of activities of a person authorized to trade, in the cases specified in the standards referred to in item IV of Art. 15 or, in the event of any apparent violation of the rules of conduct specified in Art. 17, subject to the maximum term established in the bylaws, and immediately communicating the suspension to the Chief Officer of the Self-Regulation Department to CVM and to the Central Bank of Brazil;

VIII – establish, with due regard for comprehensive previous disclosure to the interested parties and to CVM:

a) the periodic contributions of the persons authorized to trade and of the issuers of securities admitted to trade;

b) the fees, commissions and any other costs to be charged for the services as a result of the compliance with their functional, operating, normative and supervisory duties;

IX – introduce the punishments established by the Self-Regulation Council;

X – immediately notify CVM on the occurrence of events that may impair the regular operation of the markets managed thereby, regardless if temporarily; and

XI – send to CVM and to the Chief Officer of the Self-Regulation Department, daily by the subsequent day:

a) a report on the transactions submitted to auction and of the transactions cancelled, in case of an exchange market;

b) a report on the balance of individualized positions in the futures and securities markets; and

c) a report containing the daily movement of transactions in each environment or trading system and system of registration of transactions, including the identification of the persons authorized to trade and the final committed buyer and seller.

§1 The authority for the deliberations referred to in item VIII may be attributed by the bylaws of the Management Council, whether in whole or in part.

§2 The Chief Executive Officer shall make the arrangements required to preserve the confidentiality of the information obtained in the performance of their tasks.

Art. 29. The Chief Executive Officer shall provide any member of the Board of Directors with information undisclosed to the public referring to:

I – transactions carried out in the trading environments of the markets managed thereby;

II – positions in custody; and

III – positions held in the futures market and securities loan market.

Art. 30. The Chief Executive Officer shall meet the requisites of independence set forth in items III and IV of Art. 26, but shall not be affected, however, by the rule of § 2 of Art. 26.

Section X

Financial Year and Financial Statements

Art. 31. The financial year of the managing entity shall end on December 31 of each year, with the preparation of financial statements being compulsory for the financial statements at the end of the financial year, in the form established by Law No. 6,404, of 1976, and by CVM regulation applicable to publicly held companies.

§1 The entity's financial statements shall be audited by an independent auditor registered with CVM.

§2 The independent auditor shall present a detailed report containing:

I – the operation of internal controls and accounting procedures, containing the identification of the internal controls and accounting procedures, or otherwise of the inefficacy thereof; and

II – the quality and safety of the operating procedures and systems, including those measures provided for in rupture, contingency or emergency situations, pursuant to Art. 63.

§ 3 The following also applies to managing entities:

I –the duty to provide quarterly information applicable to open companies; and

II – the duty to provide the form of annual information – IAN, and of the update thereof, all applicable to open companies.

§4 The financial statements, accompanied by an auditors' report, as well as the quarterly information and the IAN form shall be available from the page of the managing entity in the world wide web. Upon the grant of authorization to the managing entity, CVM may waive compliance with §§ 3 and 4, considering the size and the investor audience targeted by the market to be managed by the entity.

Section XI

Corporate Equity or Capital

Art. 32. The company's equity or capital of the managing entity will be divided, as applicable, into quotas, equity securities or shares.

Sole paragraph. The economic and financial standing of the managing entity shall always be adequate to the proper operation of the markets managed thereby, with CVM being entitled to order capital contributions or equity adjustment, at all times as it considers that the entity's financial or economic standing is not consistent with either its duties or the conditions it should have to perform them, with due regard for the procedure described in article 115 hereof.

Section XII

Equity Interests or Corporate capital

Art. 33. The acquisition by an individual or corporate entity, or by a group of people acting jointly or representing the same interest, a direct or indirect interest equal to or higher than fifteen percent (15%) of the equity or corporate capital entitled to vote of a managing entity of organized market shall be contingent upon CVM's prior approval.

§1 For the purpose of application of the rule established in the **introductory provisions**, to an corporate interest equal to or higher than fifteen percent (15) will be equated the acquisition of interest that, if added to the one previously held by the persons specified in the **introductory provisions**, causes these persons to hold direct or indirect corporate interest equal to or higher than fifteen percent (15%) of the equity or corporate capital entitled to vote in a managing company of organized markets.

§2 For the purposes of this Instruction, the majority interest of the people mentioned in the introductory provisions of this Instruction will be considered as representative of the same interest that the controller of the persons specified in the **introductory provisions**, the companies controlled by them, their affiliates and the companies under direct or indirect control therewith.

§3 In its review on the grant of authority mentioned in the introductory provisions, CVM should consider, aside from the compliance with the requisites set forth in this Instruction in relation to the managing entity's controlling company, in particular the relevance of the organized market for the Brazilian capital market, the existence or non-existence of a formal commitment to ensure the maintenance of the organized market in the domestic territory, and the establishment of satisfactory terms for the participation of local investors and the access of Brazilian locals authorized to trade.

§4 The acquisition or assignment of five percent (5%) or more of equity securities or shares of the same type or class, issued by the managing entity, is subject to the provisions of Art. 12 of CVM Instruction No. CVM 358, of 2002.

Art. 34. The person authorized to trade in an organized market or group of persons acting jointly or representing the same interest, as well as their direct or indirect controllers, and persons submitted to direct or indirect common control, should not hold more than ten percent (10%) of the corporate equity or voting capital of its managing entity.

Art. 35. Without prejudice to other measures that might be imposed by CVM, the default in the compliance of the provisions of this Section shall imply the limitation of voting rights inherent to the interest in the corporate equity or

capital, which limitation shall be established in the bylaws of the managing company, which shall operate to prevent the exercise of the limited voting rights.

§2 Without prejudice to the legal cancellation and of applicable administrative proceedings for sanctions, the amendments to the bylaws and other corporate deliberations based on votes that infringe the limitations established in this Section do not produce any effect vis-à-vis CVM.

CHAPTER IV

SELF-REGULATION OF ORGANIZED MARKETS OF SECURITIES

Section I

Self-Regulation Structure

Art. 36. The Self-Regulation Department, the Chief Officer of Self-Regulation and the Self-Regulation Council of the managing entities' bodies in charge of inspecting and supervising the transactions carried out in organized markets of securities under their responsibility, of the persons authorized to trade therein, as well as the organization and supervision activities of the market developed by the managing entity itself.

§1 The Self-Regulation Department and the Self-Regulation Council will also be in charge of inspecting and supervising the managing entity's proper supervision of the obligations of security issuers, if any.

§2 The Self-Regulation Department, the Chief Officer of the Self-Regulation Department and the Self-Regulation Council will be in charge, as provided for in this Instruction, in the company's bylaws and regulations, of supervising ex-officio or by notice to the Chief Executive Officer or third parties, the compliance with the market and managing entity's operating rules, as well as to impose the penalties arising out of the violation of the rules, the compliance with which they are responsible for the supervision.

§3 The managing entity of the organized market may form an association, controlled entity or entity under common control, for a specific purpose, which performs the supervision and inspection referred to in this article, or otherwise engage an independent third-party to perform these tasks.

§4 In the case of §3, the controlled company or the third-party contractor shall observe the confidentiality constraints, as well as the other rules established for the Self-Regulation Council, the Chief Officer of Self-Regulation and the Self-Regulation Department.

Art. 37. The Self-Regulation Department and the Self-Regulation Council should:

I – be functionally independent from the managing entities' bodies of the markets that it is in charge of supervising;

II – be independent of the management of funds provided in the budget itself, and shall be sufficient for the performance of the activities under its responsibility; and

III - have broad access to records and other documents relating to the operating activities of the markets it is in charge of supervising, the clearing and settlement entity that provides these services for the markets, if applicable, and other persons authorized to cooperate, for which they will count on the Chief Executive Officer's cooperation and shall keep, at the disposal of CVM and the Central Bank of Brazil, if applicable, of the audit reports prepared.

§1 The Self-Regulation Department, the Chief Officer of Self-Regulation Department and the Self-Regulation Council shall make the arrangements required to preserve the confidential nature obtained by reason of their competence, as well as those specified in the reports and processes that they are in charge of conducting.

§2 The arrangements referred to in §1 shall include:

I – a clear and accurate definition of the practices that ensure the adequate use of the installations, equipment and files common to more than one managing entity's sector;

II – the protection of information by all its members by all its members, including as far as the planning of self-regulatory activities, the reports arising out thereof and proceedings initiated, thereby prohibiting the transfer of information to non-authorized persons or the ones that might be improperly used.

Art. 38. The Chief Officer of the Self-Regulation Department is responsible for the conduction of the works of the Self-Regulation Department.

§1 Except for the Chief Officer of the Self-Regulation Department, the members of the Board of Directors or the Board of Officers, neither the employees nor the managing entity's representatives who perform any other duties in the managing entity.

§2 The Chief Officer of the Self-Regulation shall be elected by the Board of Directors from the members, irrespective of the Self-Regulation Council, as established in Art. 26, and can only be removed by the Board of Directors in the cases established in Art. 39, subject to the provisions of the sole paragraph of Art. 24.

§3 In the event of removal of the Chief Officer of the Self-Regulation Department, the Board of Directors shall promptly:

I – decide on the permanence or not of the Chief Officer of Self-Regulation as a member of the Self-Regulation Council; and

II – choose, albeit provisionally, the replacement of the Chief Officer of the Self-Regulation Department, from the independent members of the Self-Regulation Council.

§4 Within five (5) days from the removal of the Chief Officer of Self-Regulation, a detailed report containing the reasons considered by the Management Council for said removal, including the performance review of the Self-Regulation Department during the term of the removed Chief Officer of Self-Regulation.

§5 CVM may order the public disclosure of a report provided for in §4 of this

Article.

Art. 39. The Chief Officer of the Self-Regulation Department and the other members of the Self-Regulation Council:

I – will be elected for and removed from by the Board of Directors;

II – shall be elected for a renewable fixed three-year term;

III – will only be removed from their offices by reason of a waiver, court award or sanctioning proceedings initiated by CVM, in both cases for unappealable decision that leads to the impairment or disqualification or, if the Board of Directors so decides, the Board of Directors, based on a well-grounded and detailed proposal on the circumstances that gave rise thereto, presented by any member of the Board of Directors or of the Self-Regulation Council; and

IV – are subject to the impairments referred to in §2 of Art. 23.

Sole paragraph. The removal of the Chief Officer of the Self-Regulation Department or of any members of the Self-Regulation Council, as well as the conditions governing any such removal, shall be considered by CVM in the assessment of the self-regulation activities developed by the managing entity, including those referring to the non-observance of the independence and autonomy principles established in Art. 37.

Art. 40. The structure of the Self-Regulation Department, including the name and summarized résumé of the main officers, aside from the other human resources and materials available for the conduction of the work shall be informed to CVM annually, as shall any amendments thereto during the year.

Art. 41. The managing entity shall cause a specific Code of Conduct to be approved for the members of the Self-Regulation Department and of the Self-Regulation Council, which shall govern, as a minimum:

I – the rules applicable to the performance of their tasks, in which also the cases of impediment of the performance of those members;

II – the conditions under which its members may hold and trade securities transacted in the environments and systems of the organized market; and

III – the procedures and sanctions, including the suspension, in the event of disciplinary infringements.

Section II

Self-Regulation Department

Art. 42. The managing entity shall maintain a Self-Regulation Department, the purpose of which is to essentially to exercise, subject to the authority of the Self-Regulation Department (Art. 46), the supervision and inspection of the transactions carried out in organized markets of securities under its responsibility and of the persons authorized to trade therein.

Sole paragraph. The managing entity shall establish effective mechanisms and

procedures for the Department to supervise the compliance with their standards and rules of conduct, as well as the applicable regulation, so as to identify any violations, abnormal trading conditions or behaviors susceptible of putting the regularity of operation, the market transparency and credibility at risk.

Art. 43. It shall be incumbent upon the Self-Regulation Department, without prejudice of any other duties as it may be assigned:

I – the supervision of transactions carried out in the markets managed by the entity, for the purpose of detecting any defaults in compliance likely to represent violations of the legal rules and regulatory standards;

II – directly and broadly supervise the persons authorized to trade;

III – point out the deficiencies in the compliance with the legal standards and regulatory rules identified in the operation of the markets managed by the entity, notwithstanding their being attributable to the managing entity itself, as well as the activities of the persons authorized to trade, thereby following up on the programs and measures adopted to repair them;

IV – initiate, instruct and conduct administrative proceedings of a disciplinary nature to identify the breaches of the rules it is responsible for the supervision;

V – propose to the Self-Regulation Council the application of the penalties set forth in Art. 49, if applicable; and

VI – take due note of the claims submitted concerning the operation of organized markets of securities managed by the managing entity, following up on the progress thereof, as well as the measures arising out of the receipt thereof.

§1 The Self-Regulation Department may, in the performance of its activities, request that the persons authorized to trade and the market managing entity provide all the information, however confidential, required for the performance of the duties assigned thereto.

§2 The bylaws of the managing entity may establish that some sanctions referred to in item V be applied by the Chief Officer of the Self-Regulation Department, with the possibility of appeal to the Self-Regulation Council.

§3 The Self-Regulation Department reports directly to the Self-Regulation Council and to the Board of Directors, in the latter case only for insofar account reporting on its activities and performance of the annual work schedule are concerned.

Subsection I

Account Reporting

Art. 44. The Chief-Officer of the Self-Regulation Department shall send to CVM:

I – right away, the information on any event or indications of an event of severe breach of CVM rules, including, without limitation, the ones described in CVM Instructions No. 08, of October 8, 1979, and 358, of 2002; and

II – monthly, by the fifteenth day of the subsequent month, and upon approval of

the Self-Regulation Council:

a) a descriptive report on the possible failure to observe the legal rules in effect in the organized market of securities under its responsibility and any deviations found in the transactions in the period, with the indication of the committed parties, as well as the arrangements made;

b) report on the audits completed in the period, including the names of the persons authorized to trade that have been supervised, the scope of the work completed, the period covered, the final result, the irregularities identified and the arrangements adopted; and

c) report on the list of administrative proceedings initiated, including those referring to the use of the loss reimbursement mechanism, with the identification of the persons interested and the respective conducts.

Art. 45. The Chief Officer of Self-Regulation shall prepare every year, for approval of the Self-Regulation Council, the following documents:

I – account reporting on the activities developed by the Self-Regulation Department, audited by independent auditors registered with CVM, also specifying the main persons in charge in each of them, as well as the measures adopted or recommend as a result of their action; and

II – report contained the estimate proposal for the subsequent financial year.

Sole paragraph. The reports in this article shall be sent to the Self-Regulation Council, which, after the appreciation thereof, will send them to the Board of Directors and, on the same day, to CVM.

Section III

Self-Regulation Council

Subsection I

Powers and Structure

Art. 46. The Self-Regulation Council will be in charge of supervising the activities of the Self-Regulation Department and consider the proceedings initiated, instructed and conducted thereby.

§1 It shall be incumbent upon the Self-Regulation Council, without prejudice to other attributions assigned thereto:

I – approve the regulation of the procedures followed to initiate and handle the proceedings and the transaction and execution of terms of commitment to be observed, and this regulation, as well as any changes thereto, will only produce their effects upon approval by CVM, subject to the procedure established in Chapter VIII;

II – instruct the General Director to apply the penalties provided for in Art. 49;

III – prepare its own internal bylaws; and

IV – approve the documents referred to in item II of Art. 44, as well as the information on any arrangements, the recommendations and qualifications that have been proposed as a result of the facts observed; and

V – approve the proposed estimate and the annual work schedule of the Self-Regulation Department;

§2 In the event that the company's bylaws provide for the application of certain sanctions by the Chief Officer of Self-Regulation, the authority of the Self-Regulation Council shall necessarily include the trial of appeals against these decisions.

§3 The outcome of the trial on the proceedings, as well as the disciplinary sanctions applied, and should be sent to CVM within five (5) business days.

Art. 47. The Self-Regulation Council shall consist of at least two thirds (2/3) of independent members, pursuant to Art. 26, one of them elected for the Self-Regulation Department.

§1 The President of the Self-Regulation Council shall be elected by the other members thereof, among other independent members, and shall not perform the role of Chief Officer of the Self-Regulation Department.

§2 The President of the Self-Regulation Council is responsible for the conduction of the Council administrative proceedings of the Council and represent them vis-à-vis CVM.

Subsection II

Submission to Penalties

Art. 48. They are subject to the penalties applied to the Chief Officer of Self-Regulation or by the Self-Regulation Council, the members of the managing entity, the persons authorized to trade, as well as the officers and representatives of the persons mentioned above.

Sole paragraph. The issuers and their officers are also subject to the penalties referred to in the **introductory provisions**, when the supervision of the obligations undertaken by them vis-à-vis the managing entity of the organized market is attributed to the Self-Regulation Department.

Subsection III

Penalties

Art. 49. The breach of the rules the inspection of which is incumbent on the Self-Regulation Department submits the breaching parties to the regulatory penalties.

§1 Without prejudice to the advertising mechanisms adopted by the managing entity pursuant to the regulation referred to in the **introductory provisions** of this article, the suspension or cancellation of the authority for an authorized person to operate shall be immediately notified to CVM and to the Central Bank of Brazil.

§2 The funds collected from penalties and terms of commitment executed in the scope of self-regulation shall revert, in their entirety, to the activities set forth in this Chapter or for indemnification to the benefit of the damaged third parties.

§3 There will be no appeal to CVM against the decisions of the Self-Regulation Council.

§4 The investigated party may request that penalty imposed on it or the provision agreed upon in the term of commitment executed in the self-regulatory scope be submitted to CVM based on the execution of the term of commitment.

§5 In the trial of breaches of legal rules within its authority, CVM may reduce the penalties it may apply and those that may have been imposed in the scope of self-regulation.

§6 In administrative proceedings vis-à-vis CVM, the purpose of which is to establish the facts already determined in the scope of self-regulation, the maximum penalty established in Art. 11, §1, of Law No. 6,385, of 1976, shall be calculated by adding the amount of the penalty imposed by self-regulation to that applied by CVM when both are of the same nature.

CHAPTER V

TRANSACTIONS IN THE ORGANIZED MARKET OF SECURITIES

Section I

General Rules

Art. 50. The transaction environments or systems should ensure that the offers and transactions be conducted clearly and prices be calculated in an adequate manner.

§1 In the case of organized markets of securities designed only to the registration of operations previously occurred, the registrations should be carried out by means of systems or based on the adoption of procedures that yield adequate information on the transactions effected, including any possible discrepancy in relation to the standards of similar transactions, with the possibility of denying the registration of discrepant transactions.

§2 Upon the verification that the organized market is not taking the necessary arrangements for compliance with the provisions of this Article, CVM may direct the adoption of supplementary measures and, in case the deficiencies found cannot be cured, cancel the authority for operation of the organized market of securities.

Section II

Persons Authorized to trade

Art. 51. The transactions in an organized market may only be conducted by a person authorized to trade in that market.

§1 The admission of a person authorized to trade in an organized market of

securities depends on the authorization of the managing entity, which shall consider its organization, the human resources and materials required and the creditworthiness and professional ability of the persons acting on their behalf.

§2 The requisites for admission as a person authorized to trade shall observe the principles of equality of access and respect for competition.

§3 The minimum requirements for admission and maintenance as a person authorized to trade shall contemplate, as a minimum the possible equity needs allocated to the protection against risks in any of the activities authorized, the segregation of activities designed to prevent conflicts of interest and the existence of a department in charge of seeing that the standards and rules of conduct applicable to the operations carried out in the market are observed.

§4 The managing entities may establish other requirements, including untainted reputation, or point to other restraints to admission and retention of the person authorized to trade, at the discretion of its Board of Directors.

§5 The managing authority shall not be allowed, prior to obtaining CVM's consent, in writing, either to establish a maximum limit of persons authorized to trade or to reduce a limit previously approved, notwithstanding if approved by classes or for the exercise of certain rights of access to the markets maintained thereby.

Art. 52. The persons authorized to trade on their own or on behalf of third parties, in an organized market:

I – shall submit to and enforce the decisions of the administration, inspection and supervision bodies of the managing entity; and

II – shall provide all the information, as required by the administration, inspection and supervision bodies of the managing entity.

Section III

Responsibility for the Transactions

Art. 53. The persons authorized to trade are responsible for the transactions carried out in organized markets, whether to the committed parties or to their counterparties.

§1 The persons authorized to trade are also responsible for:

I – the transactions conducted without any representation powers or without the appropriate authority;

II – the loss or improper assignment of securities;

III – the eviction, jointly and severally with the assignor; and

IV – for the settlement of the transactions effected.

§2 The responsibility set forth in this Article may be excluded from the transactions simply registered in an organized market.

Section IV

Operations in Organized Markets of Securities

Art. 54. According to the provisions established by the managing entity of organized markets, the transactions may be carried out on their own name on behalf of third parties.

Section V

Consideration

Art. 55. The consideration established by the managing entity of organized markets (Art. 28, item VIII, "a" and "b") shall be reasonable and proportionate to the services provided, and shall not constitute a mechanism of undue restriction of access to the markets managed thereby.

Sole paragraph. CVM shall not approve in advance the consideration established for the managing entity, but may request a detailed breakdown thereof, instruct its review or establish highest limits.

Section VI

Registration of Committed Parties

Art. 56. The managing entity of organized markets shall maintain:

I – a list of the committed parties entitled to trade in the markets managed thereby, permanently updated by the persons authorized to trade; and,

II – a record of the transactions that enables the identification of the committed party of each operation, pursuant to the terms of CVM regulation.

Sole paragraph. The managing entity shall transmit the registration information to the clearing and settlement entity that provides these services, if applicable, in order to maintain a sole and updated record, including the observations concerning the committed parties in default.

Section VII

Admission to Trading of Securities

Art. 57. The following may be traded in organized markets of securities registered by CVM.

§1 The admission to trade in a specific organized market of securities depends on the corresponding managing entity in charge thereof.

§2 The admission to trade in an organized market of securities, of other assets than securities shall be contingent upon CVM's prior approval, without prejudice to other authorizations possibly required by other public agencies.

§3 The simultaneous trading of shares in exchanges and organized over-the-counter markets is prohibited, but trading in more than one exchange or

organized over-the-counter markets is hereby authorized.

§4 The simultaneous trading of other securities, except for shares, in an organized market of securities different from that in which the issuer has its securities traded, provided that the authorization mentioned in §1 of this Article has been obtained.

Section VIII

Self-Listing

Art. 58. The organized market of securities of issuers may admit to trade securities issued by the corresponding managing entity.

§1 In the case provided for in the **introductory provisions**, the Self-Regulation Department shall certify that the admission to trade of securities issued by the entity ins in accordance with the requirements established in the general rules provided for the remaining issuers, as well as to continuously supervise this conformity and confirm it in the report referenced in Art. 44, II, "a".

§2 The Self-Regulation Department shall inspect the transactions with securities issued by the managing entity itself, with due regard for the compliance with the restraints and limitations to the trading thereof, as established in the bylaws, legal and contractual rules, the inspection by sampling being prohibited.

§3 In case any irregularity in the admission of any securities issued by the entity, in the satisfaction of the conditions for maintenance of the record of these securities or in the transactions carried out with them, the Self-Regulation Department shall promptly communicate the fact to CVM.

Section IX

Trading outside Organized Markets of Listed Securities

Art. 59. Trading outside the organized market of securities admitted therein, except in the following events:

I – private trading;

II – public distribution during the period of the relevant distribution;

III – payment of quota funds and investment clubs, in the events admitted in the specific regulation;

IV – a corporate event that establishes or permits the replacement or exchange of a security with another;

V – the assignment in a public offer for acquisition; and

VI – in other cases expressly set forth in the regulation issued by CVM.

Section X

Suspension and Exclusion of Securities from Trading

Art. 60. The rules of operation of the managing entity of organized market shall govern the situations in which the suspension of trading or the exclusion of securities admitted to trade, as well as the information to be provided referring to the securities affected by these measures.

§1 The suspension of trading is justified when:

I – the requisites for admittance have not been complied with, provided that this is a curable fault; and

II – there is public news or vague or incomplete information, or otherwise information that casts a doubt on the contents or origin thereof that might have a relevant influence on the quote of the security or mislead investors.

§2 The rules referred to in the **introductory provisions** shall imperatively govern the procedures to be adopted when:

I – there is information on the existence of an application for bankruptcy, provided that there is risk of the issuer's insolvency, or otherwise of in court or out-of-court recovery;

II – a request for in-court or out-of-court recovery is denied or the insurer's bankruptcy is awarded; and

III – the Central Bank of Brazil or the Superintendence of Private Insurance issues a conservatorship, extrajudicial liquidation or special temporary administration of the issuer, with the receiver, liquidator or managing counsel, as applicable, having to communicate the measure to the entity in charge of the management of the organized market in which its securities are mostly traded.

§3 The exclusion of the negotiation is mandatory when:

I – the requisites for admission have not been satisfied, provided that the reason therefor is not a non-curable default; and

II – the defaults or situations that have given rise to the suspension have not been cured. §4 The suspension of trading with securities in an organized market causes the suspension of trading of the same security or of others of which they are an underlying asset, in other organized markets of securities, provided that the reasons that have caused the suspension also affect them.

§5 The exclusion of securities, the trading of which is a condition for admission of others implies the exclusion thereof from the organized market of securities where they are traded.

§6 The exclusion shall be immediately notified to CVM.

Art. 61. CVM may require that the managing entity of an organized market that proceeds to the suspension or exclusion of securities from trading, as well as to establish a suspension or exclusion from other securities from trading, as well as to extend the exclusion to other organized markets of securities.

Section XI

Disclosure of Information

Art. 62. The managing entity of an organized market shall disclose at least the following information referring to the markets under its management:

I – characteristics, rules and manuals of operation and trading;

II – information on the characteristics of each security admitted to trading;

III – information on the transactions carried out and the corresponding prices;

IV – any possible and periodic information received from the issuers of securities admitted to trade;

V – in the opening of each trading day, the minimum price, the maximum price, the weighted average price, the reference price or adjustment price and closing price, as well as the quantities traded on the previous trading day; and

VI – an updated list of persons authorized to trade each of its markets.

§1 The contents, means and frequency of the information to be provided publicly shall be adequate to the characteristics of each market, to the level of investors' knowledge and to the structure of several interests involved.

§2 CVM may request the change of the rules applicable to the disclosure of information when it perceives that they are not sufficient for the protection of investors.

Section XII

Information Systems and Continuity of Operations

Art. 63. The managing entity of an organized market shall maintain, at least for five (5) years, or until the completion of the information, when CVM has notified the existence thereof to the managing entity:

I – warehousing and recovery system of data referring to offers and operations carried out to permit a query or tracing thereof, except for, as far as the offers are concerned, the specificities of voice-operated trading systems;

II – the structure of reproduction and safekeeping of the information contained in the computer systems; and

III – a plan of business continuation capable of ensuring the operation of an organized market in rupture or emergency circumstances.

§1 The managing entity shall submit to CVM every year the audit report on its systems, with a proof of its adequacy to the provisions hereof, including those referring to the procedures capable of ensuring continuity thereof according to the plan referred to in item III.

§2 CVM may order the conduction of specific extraordinary audits if there is any indication that the mechanisms adopted do not or may not meet the purposes thereof.

Section XIII

Provisional Remedies

Art. 64. For the purpose of ensuring the efficient and regular market operation or of preserving high ethical trading standards, the managing entity of an organized market, in a well-grounded decision, without prejudice to the powers assigned to the Self-Regulation Department, has the authority, by decision of the Chief Executive Officer, to:

I – order its own recess in the event of a severe emergency, and immediately notify the fact to CVM;

II – provisionally suspend, a person authorized to trade when the protection of investors so require, and immediately notify the occurrence to CVM to the Central Bank of Brazil and to the Chief Officer of the Self-Regulation Department;

III – prevent the conduction of certain transactions in its trading environments, whenever there are indications likely to represent breaches of the legal rules or regulatory standards; and

IV – cancel the transactions carried out, provided that they have not yet been settled, or suspend the settlement or request that the clearing and settlement entity suspend them, in case there are indications likely to represent breaches of the legal rules and regulatory standards.

CHAPTER VI

EXCHANGE MARKETS

Section I

Characteristics

Art. 65. Exchange markets are those considered:

I – trade regularly as central and multilateral trading systems that enable the matching and the interaction of offers for the purchase and sale of securities; or

II – allow the transaction of business, whether subject or not to the interference of other persons authorized to trade in the market, where a counterpart is a market former that undertakes the obligation of placement of firm offers for purchase and sale, provided that:

a) the participation of a market former be regulated by the exchange, pursuant to the specific regulation of CVM for market formers, and inspected by the Self-Regulation Department;

b) the exchange establishes maximum limits for the difference between the purchase and sale prices offered by the market former; and

c) the interference of other persons authorized to trade in interval between the offers of purchase and sale, insofar as for the entire amount of that transaction.

Sole paragraph. A centralized and multilateral system is considered that system in which all the offers referring to the same security are directed to the same trading channel, and are exposed to the acceptance and competition by all the parties authorized to negotiate in the system.

Section II

Application for Registration

Art. 66. CVM's request for authorization of operation of the exchange shall be supported by the documents and information listed in Enclosure II, as provided for in Chapter VIII.

Sole paragraph. CVM may request to the applicant for authorization supplementary elements and information, as well as to carry out the investigation it considers necessary.

Section III

Access Screens to Trading in Foreign Exchanges

Art. 67. The foreign exchange willing to establish the access screens to their trading systems in Brazil, in the institutions that are members of the distribution system, shall obtain CVM prior approval, to be granted provided that the candidate to CVM authorization:

I – is recognized as an exchange and is duly authorized to trade as such in its country of origin;

II – is subject to the supervision of the regulatory authority of the capital market of its country of origin, with which CVM maintains an arrangement or agreement for international cooperation or which is a signatory of the Multilateral Memorandum of Understanding of the International Organization of Securities – OICV/IOSCO; and

III – the requisites required for authorization and operation of exchanges in the applicant's country of origin are substantially equivalent to those provided for in this Instruction.

§1 Transactions with securities by the systems of trading referred to in the **introductory provisions** of this Article are restricted to qualified investors, as such considered:

I – the financial institutions;

II – the insurance companies and other capitalization companies;

III – open and closed supplementary social security companies;

IV – the individual or legal entities with financial investments higher than one million reais (R\$ 1.000.000,00);

V – portfolio managers and consultants of securities authorized by CVM, in relation to their own resources;

VI – their own social security introduced by the Union, the States, the Federal District or by the Municipalities;

VII – investment funds designed to investors that satisfy the requirements set forth in this paragraph.

§2 The procedure to grant a cancellation or amendment of authorization set forth in this Article shall be followed in accordance with the provisions of Chapter VIII.

Art. 68. The foreign exchange shall send to CVM:

I – upon receipt of the application for authorization:

a) the documentation to prove that the requisites of Art. 67, items I, II and III have been satisfied;

b) an indication of a resident individual in the country with powers to receive service of process on behalf of a foreign exchange;

c) the list and description of securities admitted to trade, with the issuer's identification, if applicable.

II – as promptly as available, the list of Brazilian intermediaries authorized to trade in their markets, as well as of the representatives thereof;

III – every week, the volume traded by Brazilian intermediaries authorized to trade in their markets;

IV – every year, within forty-five (45) days from the end of the financial year:

a) a list of the Brazilian intermediaries admitted, suspended or excluded in the period;

b) a description on any changes to the corporate governance standards in the exchange, in the exercise of their self-regulation duties, and the relevant alterations in the structure of their management and controlling interest;

c) a descriptive report of the inspections and other investigative procedures involving Brazilian intermediaries carried out in the period;

d) relevant changes to the regulation that governs the authorization and operation of the exchange in its country of origin;

IV – at the request of CVM, within ten (10) days from receipt thereof:

a) data on the transactions carried out, including the identification of final beneficiaries, when this information is available to the foreign exchange;

b) a description of the margin calculation criteria required, guarantees and other information relating to the risk of participants and to the clearing and settlement of the transactions carried out;

c) a description of the characteristics of securities admitted to trade;

d) information on the processes, investigations and inspections in progress

involving Brazilian intermediaries or investors;

V – within thirty (30) days from the confirmation of existing indications of irregularities involving Brazilian investors or intermediaries, a description thereof.

Art. 69. The authorization referred to in Art. 67 also depends on the accessibility, sufficiency and quality of the information concerning the assets negotiated in a foreign exchange, as well as of their issuers, if applicable.

§1 In confirming the requisites specified in the **general provisions**, CVM shall consider, among other characteristics considered relevant:

I – if it is a derivative contract, the underlying asset of which has homogeneous characteristics, is produced and quoted on international level; and

II – the accounting standard according to which the financial statements of issuers of the assets traded.

§2 The authorization for installation of a trading screen will exempt the issuers and securities traded thereon from registration, and the authorization may be limited to specific assets and issuers or to some trading segments.

Section IV

Authorization to Trade on an Exchange

Art. 70. The admission of a person authorized to trade on an exchange market depends on the authorization of the managing entity.

Art. 71. The indication on the designation and the address of the person that intends to obtain the authorization to trade, as well as the names of their officers, if applicable, shall be disclosed on the world wide web site of the managing entity and in its official newsletter for the period established in the bylaws or regulations.

Art. 72. During the fifteen (15) days subsequent to the end of the period referred to in the foregoing article, either the Board of Directors or the Chief Executive Officer, as provided for in the bylaws of the managing company, decide on the request for authorization to trade, and shall specify the grounds for the decision made.

§1 The applicant whose application for authorization is denied may appeal against the decision, as provided for in the bylaws.

§2 The managing entity's final decision in the exchange market shall be communicated immediately to CVM.

§3 The bylaws shall provide on the right to review of the Chief Executive Officer's decision that orders the suspension or exclusion of the person authorized to trade.

Section V

Trading Rules

Art. 73. The exchange trading environment or system shall have the characteristics, procedure and trading rules previously established and disclosed that permanently enable:

I – regular, adequate and efficient pricing;

II – the prompt conduction, visibility and registration of the transactions carried out; and

III – the public dissemination of offers and business involving the assets traded thereon fast, comprehensively and in sufficient details for the proper market information and pricing.

Sole paragraph. When the application involves a centralized and multilateral trading system, pricing shall be made through interacting offers, in which preference is given to the one that represents the best price, with due regard for the chronological sequence of the offers entered into the system or trading environment, except in the cases of special trading procedures established by regulation.

Art. 74. The exchange trading rules shall:

I – avoid or curb modes of fraud or manipulation designed to create artificial conditions of demand, offer or price of securities traded in its environments;

II – ensure that all persons authorized to trade in their environments receive equal treatment, subject to the distinctions among the categories that may be specified in their bylaws and regulation;

III – avoid or curb non-equitable practices in its environments; and

IV – establish the variations of prices and quantities offered, in its trading environment that is described as centralized and multilateral, which require the adoption of special trading procedures, as well as the operating procedures required when these variations are reached, subject to the minimum conditions established by CVM in a specific regulation.

Section VI

Risk Control

Art. 75. The managing entities of an exchange market shall maintain risk control systems adequate to the supervision of the risks inherent to their activities, as well as to the compliance with the provisions of this Instruction.

§1 The control risk system shall establish adequate procedures to ensure:

I – the compliance with prudent rules that have been established for the market operation;

II – the regular operation and security of its information systems;

III – the compliance with their duties of information; and

IV – the identification, management and mitigation of relevant risks for the operation of the managing entity.

§2 A report on the risk control systems referred to in the **introductory provisions**, which shall be submitted to the approval of the Board of Directors of the managing entity of the exchange market shall be submitted annually to the Board of Directors, in consultation with the Audit Committee, and sent to CVM within five (5) business days from the approval thereof.

Section VII

Disclosure of Information

Art. 76. The managing entity of an exchange market shall continuously release to the public, during the daily trades, at least the information on each transaction carried out, including the price, quantity and time, with a fifteen (15) minute delay at the latest.

Sole paragraph. The summary of the transactions carried out on the exchange shall be specified in its daily information report, which should be made available on its homepage in the world wide web.

Section VIII

Loss Recovery Mechanism

Art. 77 The managing entity of an exchange shall maintain a loss recovery mechanism for the purpose of ensuring that investors can recover their losses arising out from an action or omission of a person authorized to trade or the officers, employees or representatives thereof in relation to the brokerage of transactions carried out on an exchange or to the custody services, especially in the following events:

I – non-enforcement or unfaithful enforcement of orders;

II – improper use of funds and securities or other assets, also in relation to security financing or loan transactions;

III – delivery of real estate securities to investors or other illegal or restricted circulation assets;

IV – non-authenticity of the endorsement of securities or other assets, illegitimate power-of-attorney or document required for the transfer thereof;

V – conservatorship of order of out-of-court liquidation issued by the Central Bank of Brazil; and

VI – shutdown of activities.

§1 The mechanism of refund of the losses set forth in this chapter shall apply only to transactions with securities.

§2 The loss recovery mechanism may be maintained by the own managing entity of an exchange or by an entity organized or contracted solely to this end.

Art. 78. The managing entity of an exchange market shall enact a specific regulation to govern the loss recovery mechanism, which shall contain, as a minimum:

I – a description of the form of organization and assignment of managers, if applicable;

II – a detailed description of the form of indemnification to the claimants, of the terms of payment and the form of adjustment of amounts;

III – the procedures and terms for the review of the indemnification claims that do not exceed one hundred and twenty (120) days between the date of the indemnification claim and the exchange decision in respect thereof;

IV – the authorities responsible for conducting the process and for the final decision;

V– the origin of the funds;

VI – minimum and maximum amounts of the equity allocated to the reimbursement of losses, which shall be based on the analysis of the risks inherent to its activity, as well as on the criteria for apportionment in case of insufficiency of funds;

VII – policy for the application of funds and mechanism of reimbursement of losses; and

VIII – the form and term for replacing the mechanism whereby the person authorized to trade that has given cause to the claim, of the value paid to the claimant, as well as the penalty established for default in the compliance with this obligation.

Art. 79. The regulation and any subsequent amendments thereof shall be approved in advance by CVM, with due regard for the procedure specified in Art. 117.

Subsection I

Claim Mechanism

Art. 80. The investor may claim the reimbursement of its loss by way of the mechanism created for this purpose, irrespective of any court or out-of-court measure within eighteen (18) months, as of the date of the occurrence of the action or omission that has given rise to the claim.

Sole paragraph. The maximum value offered by the funds originating from the mechanism of loss refund will be of sixty thousand reais (R\$ 60.000,00) by claimant investor in each occurrence referred to in the **introductory provisions**, without prejudice to the establishment, by the exchange, of higher amounts.

Art. 81. The claim for reimbursement will be presented, on proper grounds, to the managing entity of an exchange market in which the intermediary to whom the request has been given or to whom funds, securities or other assets have been delivered is a person authorized to trade.

§1 When the intermediary is a person authorized to trade in more than one exchange, the reimbursement claim shall be addressed to that in which the transaction that has given rise to the claim has occurred.

§2 In the event that the claim is transferred, if the transferor company has no liability for any such transfer, the latter, jointly with the investor, will be responsible for claiming the reimbursement of the loss.

Art. 82. The decision on the reimbursement claim shall be communicated to the parties immediately, and shall contain, as a minimum:

I – the grounds for the decision;

II – the terms and conditions of the indemnification payable to the claimant; and

III – the indication of the party responsible for the loss that is subject to a reimbursement.

Sole paragraph. The claimant may file an appeal with CVM against the decision that has denied the reimbursement.

Art. 83. In the trial of the appeal referred to in sole § of Art. 82, CVM may require new measures, including the hearing of depositions.

§1 CVM decision shall be rendered within ninety (90) days from the date of receipt of the appeal, subject to the requirements established in Art. 82 and the sections thereof.

§2 The new measures ordered by CVM suspend the term referred to in §1.

Art. 84. The discussion over the right of regress against the person authorized to trade that has given rise to the losses that are the subject-matter of the reimbursement payable to the claimant shall not operate to hinder the payment to the claimant within the time established in the regulation.

§1 In case the person authorized to trade referred to in the **introductory provisions** initiates legal proceedings seeking to suppress his liability, irrespective whether he envisages to hinder the payment to the claimant or not, the managing entity of an exchange market shall immediately notify CVM of the occurrence, and inform whether there is any injunction or early relief granted, in addition to providing all the documentation pertaining thereto.

§2 Without prejudice to the provisions of the foregoing paragraph, the managing entity of an exchange market shall use all the means and resources available to ensure the effectiveness of the decisions rendered in the course of the proceedings regulated hereby.

Art. 85. CVM shall, whenever there is any conflict between managing entities of an exchange market concerning the liability of the corresponding mechanisms of reimbursement, determine which of them will be liable therefor.

Art. 86. The discontinuation of business or termination of the loss reimbursement mechanisms, whether or not it includes the allocation of funds to its contributors, will be contingent upon the prior approval of CVM.

Sole paragraph. The approval shall be given as long it has been demonstrated that the purpose of establishing a loss reimbursement mechanism no longer exists, as well as that it is no longer possible to formulate a claim therefor, and otherwise that all outstanding debts have been settled and that specific administrative proceedings have been closed.

Subsection II

Recordkeeping

Art. 87. The equity or funds related to the same loss reimbursement mechanism shall be recorded in a specific and special form, in order to ensure the exclusive nature of their allocation.

Art. 88. No later than three months from the closing of each financial year, the managing company of an exchange market, based on the accounting records and documents referring to the loss reimbursement mechanisms, shall prepare the financial statements to be audited by an independent auditor registered with CVM, and made available on the exchange homepage in the world wide web.

Art. 89. The unaudited financial statements of the mechanism shall be remitted monthly to CVM no later than by the fifteenth (15th) day of the subsequent month.

Subsection III

Administrative Expenses

Art. 90. For the purpose of recovering the essential expenses for the operation of the loss recovery mechanism, the managing entity of an exchange market will be entitled to collect, for its management, a fee approved in advance by CVM.

Subsection IV

Disclosure

Art. 91. The managing entity of an exchange market shall broadly disclose to investors the existence, the purposes, the objectives and the mode of operation of the loss recovery mechanism.

CHAPTER VII

ORGANIZED OVER-THE-COUNTER MARKETS

Section I

Characteristics

Art. 92. The organized over-the-counter market may trade in one or more of the following forms:

I – as a centralized and multilateral trading system, defined pursuant to Art. 65, and which enables the matching and interaction of offers for the purchase and sale of securities;

II – by carrying out transactions, whether subject or not to the interference of other persons authorized to trade in the market that undertakes the obligation to place firm purchase and sale offers;

III – through the registration of transactions previously carried out.

Art. 93. In an organized over-the-counter market, the trading or registration of transactions previously carried out may occur without the direct participation of an intermediary that is a member of the securities distribution system, provided that, in this case, according to the regulation procedures, the settlement of the transaction is contractually guaranteed by the managing entity of an organized over-the-counter market or, alternatively, directly by the parties to the transaction.

Section II

Rules of Trading and Registration

Subsection I

Trading Systems

Art. 94. The trading environments and systems of an organized over-the-counter market shall have the characteristics, procedures and rules of negotiation previously established and disclosed that enable, on a permanent basis, a regular, adequate and efficient pricing, as well as the prompt trading and registration of the transactions effected.

Art. 95. In the case of a centralized and multilateral trading system, pricing shall be made by interacting offers, in which preference will be given to offer that represents the best price, according to the chronological order of entry of offers into the trading environment or system, except in the cases of special trading procedures provided for in a regulation.

Art. 96. In the case of a market in which the counterparties are market formers, per the description in item II of Art. 92, their action shall be regulated and inspected by the managing entity of an organized over-the-counter market, pursuant to the terms of a specific CVM regulation for market formers.

Art. 97. The rules of trade of the trading system of organized over-the-counter markets shall:

I – prevent or curb modes of fraud or manipulation designed to create artificial demand, offer or price conditions of the securities traded in their environments;

II – ensure equal treatment to the persons authorized to trade in their environments, subject to the distinctions between categories that are stipulated in their bylaws and regulation; and

III – prevent or curb non-equitable practices in their environments.

Subsection II

Recordkeeping Systems

Art. 98. The rules and procedures of organized over-the-counter markets that operate as a registration system shall enable the managing entity to identify and curb modes of fraud or manipulation designed to create artificial demand, offer or price of the securities.

Art. 99. The records of transactions previously carried out shall be made through the systems or the adoption of procedures that enable adequate information on the prices of the transactions effected, including as far as any discrepancy in relation to the standards of similar business, being allowed to reject the registration of discrepant transactions.

Section III

Request for Registration

Art. 100. The application for authorization to CVM for operation of an organized over-the-counter market shall be supported by the documents and information listed in Enclosure III, and shall observe the procedures specified in Chapter VIII.

Sole paragraph. CVM may:

I – request from the applicant elements and information, carry out the investigations and supplementary information, as well as to conduct the investigations deemed necessary; and

II – waive the submission of documents and information contained in Enclosure III, whenever they are not reasonable after weighing, inter alia, the following aspects:

a) managing entity's lean structure;

b) number of persons authorized to trade;

c) number and nature of investors with access to the organized over-the-counter market;

d) business volume; and

e) market size and relevance.

Section IV

Structure of the Organized Over-the-Counter Markets

Art. 101. The managing entities of organized over-the-counter markets are exempted from the observance of:

I – the limitations to the acquisition of the equity interest or corporate interest described in Articles 33 and 34, with the preservation of the legal instruments, however, that ensure the exercise of CVM's police power over the shareholders, officers and persons authorized to trade; and

II – the compulsory existence of the Audit Committee specified in Art. 27.

Art. 102. The Board of Directors of the managing entity of an organized over-the-counter market shall be formed by at least twenty-five percent (25%) of independent officers, as set forth in Art. 26.

Art. 103. Without prejudice of the provisions of Articles 101 and 102, CVM may establish limits to the exercise of voting rights in managing entities of organized over-the-counter market or make a decision to apply minimum independence requirements to its officers, in which case it shall apply the evaluation criteria established in item II, sole paragraph of Art. 100.

Section V

Authorization to Trade in an Organized Over-the-Counter Market

Art. 104. The admission of a person authorized to trade in an organized over-the-counter market shall require authorization of the managing entity, with the application of the provisions of Articles 71 and 72.

Section VI

Disclosure of Information

Art. 105. The managing entity of an organized over-the-counter shall make the information available on each business carried out, including the price, quantity and time.

§1 The information referred to in the **introductory provisions** may be disclosed or not in a continuous manner during the trading sessions, as well as in individualized form or grouped by sets of trade, with the entity's disclosure policy having been approved in advance by CVM, which may authorize a delayed disclosure or a grouped disclosure of the information in question, depending on:

I – of the organized over-the-counter market;

II – of the standardization degree of the asset or contract traded;

III – of the fact of being a market segment for large lots or not; and

IV – the type of investor that has access to the segment or to the market.

§2 The summary of the transactions carried out in the organized over-the-counter market shall be stated in the daily information report, which will be made available on its homepage in the world wide web.

§3 When the case is one of a record market, the disclosure policy referred to in § 1 may provide on alternative disclosure forms and contents of the transactions which, at CVM's discretion, produce a similar effect to the ones described in this article.

Section VII

Inspection and Supervision of Organized Over-the-Counter Markets

Art. 106. The managing entity of an organized over-the-counter market may

adopt self-regulation structures different from the ones specified in Chapter IV, provided that:

I – it maintains the bodies in charge of inspection and supervision of the transactions executed in their environments and systems, as well as of the persons authorized to trade thereon; and

II – it observes, insofar as the bodies referred to in item I hereof, the principles of independence and autonomy set forth in Art. 37.

Sole paragraph: The inspection and supervision bodies mentioned in the **introductory provisions** hereof shall prepare and send to CVM the reports described in Articles 44 and 45, in the form and within the time periods agreed upon therein.

Art. 107. CVM shall assess, in each case, the structure designed for the performance of the duties established in this Section, being entitled to order the amendments required to ensure the reliability of the market under review, for which it will use the evaluation criteria set forth in the sole paragraph, item II, of Art. 100.

Section VIII

Loss Recovery Mechanism

Art. 108. It is not required that an organized over-the-counter market to maintain the loss recovery mechanism specified in Section VIII of Chapter VI.

Sole paragraph. The managing entity of an organized over-the-counter market shall disclose, in a visible manner, in any information material designed for the investor audience, as well as in its advertising actions, the non-existence of the loss recovery mechanism referred to in the **introductory provisions**.

CHAPTER VIII

PROCEDURES

Section I

Procedure of Authorization for the Managing Entity of an Organized Market

Art. 109. The request for authorization to operate as a managing entity of the organized market shall be made by filing an application supported by the documents described in Enclosure I, and necessarily accompanied by the application for authorization to operate of an organized market, supported by the documents described in Enclosure II, whenever it is an exchange market, or Enclosure III, whenever it is an organized over-the-counter market.

§1 The authorization shall be considered automatically granted if the application is not rejected by CVM within ninety (90) days from the date of the application filing.

§2 The term referred to in §1 may be interrupted only once if CVM requests that

the applicant submits additional documents and information referring to the application for authorization, with the ninety(90)-day term beginning to run as of the compliance with the requirements, for CVM's final decision.

§3 For the compliance with any requirements set forth in § 2, a term not longer than sixty (60) days shall be granted.

Section II

Procedure of Operating Authorization of an Organized Market

Art. 110. The application for operating authorization of an organized market shall be made jointly with the managing entity's request, pursuant to Art. 109, or by a managing entity authorized by way of an application supported by the documents described in Enclosure II, for the case of an exchange market, and of Enclosure III, for the case of an organized over-the-counter market.

§1 The authorization shall be considered automatically granted if the application is not rejected by CVM within one hundred and twenty (120) days, in case of an exchange market, or ninety (90) days, in case of an organized over-the-counter market, from the date of application filing.

§2 The term referred to in §1 may be interrupted only once if CVM requests additional documents and information from the applicant referring to the authorization application, with the ninety (90)-day time period, in case of an exchange market, or sixty (60) days, in case of an organized over-the-counter market, beginning to run as of the date of the compliance with the requirements, for CVM's final decision.

§3 For the satisfaction of any requirements set forth in §2, a term not longer than sixty (60) days will be granted.

Section III

Provisions Common to the Foregoing Sections

Art. 111. The authorizations referred to in Articles 109 and 110 will be denied in the event that:

I – the application is not accompanied by the necessary elements for the appreciation thereof or, in case they are not delivered, the supplementary elements and information requested;

II – any untrue or inaccurate information in the documents presented with the application, at all times when any such information, given its extent or contents, would be relevant for the appreciation of the request for authorization;

III – the applicant does not have either the human, technical and material capabilities or the financial resources adequate to the market management or for the compliance with the provisions of this Instruction; or

IV – the requirements made by CVM are not met, as to their substance, or otherwise if it is determined that the requisites and conditions established in this Instruction for the applicant's formation and operation have not been observed,

in the case of Art. 109, or for the market operation, in the case of Art. 110.

Sole paragraph. The denials mentioned in this article may be appealed against to the Collegiate, in the form and within the time established by the regulations in effect.

Art. 112. CVM may condition the efficacy of the authorization that it may grant to the managing entity of an organized market or for the operation of an organized market to the implementation of future events described in the decision that grants the authorization, which shall also specify the latest date for the occurrence of said events, whereupon, if they have not been implemented, the authorization will no longer be valid.

Art. 113. The operating authorization of a managing entity of an organized market or for the operation of an organized market will be granted by the Superintendence of Market and Intermediary Relations – SMI, but will only produce its effect within thirty (30) days from the notice thereof.

§1 Within the time period set forth in the introductory provisions, the Collegiate may confirm the authorization granted and request the applicant's compliance with additional requirements or reform the authorization decision.

§2 In case the Collegiate submits new requirements, as provided for in §1, the term for the compliance thereof cannot be no longer than thirty (30) days, whereupon the Superintendent shall inform to the Collegiate the result of the compliance with the requirements, and the Collegiate shall decide, no longer than fifteen (15) days thereof, on whether to confirm the authorization or reverse it, within fifteen (15) days at the latest, and shall confirm the authorization, with or without amendments to the suspensive conditions or revoke it.

§3 In formulating the initial requirements for the application for operating authorization of the managing entity of an organized market or for the operation of an organized market, the Superintendent shall send them to the Collegiate for knowledge, in which it shall report on the progress of the procedure in the first annual meeting of the Collegiate held after the information has been sent.

§4 The procedure referred to in the foregoing sections also applies to the authorization for access screens for trading in foreign exchanges, as provided for in Art. 67.

Art. 114. In the review of the applications for operating authorization of the managing entity of an organized market or for the operation of an organized market, CVM shall give preferred treatment to the substantial compliance with the rules hereof, whenever the purposes of these rules can be attained by alternative, considerably less expensive means than the ones set forth herein.

Section IV

Procedure for Cancellation of Authorization

Art. 115. The operating authorization for a managing entity or for the operation of an organized market may be cancelled:

I – at the request of the managing entity of an organized market, by means of an

application containing the reasons therefor, as well as a copy of the minutes of the general meeting that has deliberated on this matter;

II – by CVM Collegiate, after the administrative proceedings in which the right to adversary proceedings and broad defense are ensured, in the following circumstances:

a) if it is detected that the operating authorization has been obtained using misstatements or other illegal means;

b) if, by reason of a duly proven supervening fact, it becomes evident that the entity or market no longer satisfies the requisites and conditions established in this Instruction to be granted the authorization; or

c) if it is proven that the entity failed to comply with any CVM's decision or does not have the capability to observe and cause the observance, by the persons authorized to trade, of its rules and contracts, as well as of the law and of CVM's regulations; and

d) if the authorized entity fails to commence its activities within the term established in the application for authorization.

Art. 116. The procedure mentioned in Art. 115, II, shall be conducted in the following sequence:

I – SMI, after analyzing the elements of proof that it deems necessary, shall summon the managing entity of an organized market to submit its answer within fifteen (15) days, which term can be extended by ten (10) additional days, with the summons specifying the following:

a) that it is a procedure likely to culminate with the cancellation of the authorization, as provided for in this Section;

b) that the authorization or authorizations may be cancelled by reason of the proceedings; and

c) the detailed failures or omissions of the managing entity, from among those described in item II of Art. 115.

II – the managing entity of an organized market may, within the term granted for its answer:

a) challenge SMI's allegations or explain why the adoption of the measures directed by SMI are not required; or

b) request the extension of a term not to exceed sixty (60) days for the compliance with the requirements made or for the repair of the deficiencies pointed out by SMI.

III – SMI, within ten (10) days, shall render its decision thereon by:

a. accepting the allegations of the managing entity;

b. granting the term requested for compliance with the requirements made or

correction of the deficiencies; or

c) canceling the authorization for either the market operation or the managing entity, as applicable.

§1 The decision referred to in item III, "c" can be appealed against to the Collegiate within fifteen (15) days, with a suspensive effect.

§2 The Collegiate will render a decision on the appeal no later than within five (5) ordinary sessions after the referral thereof to the Reporting member.

§3 The sanctioning proceedings against officers, controlling partners or other parties responsible for the managing entity or for the organized market based on the same facts that gave rise to the proceedings referred to in Art. 115 cannot be initiated prior to the final decision on the latter.

§4 The proceedings referred to in Art. 115 shall be necessarily preceded by at least one summons, with a minimum thirty(30)-day notice for compliance, in which SMI points out the arrangements that it deems necessary on the part of the managing entity of an organized market. .

§5 The cancellation of the operating authorization for the managing entity implies the cancellation of the operating authorization for all the markets managed thereby.

§6 The provisions of this section shall also apply to the authorization for access screens for trading on foreign exchanges, as established in Art. 67.

Section V

Procedures referring to Acts Contingent upon Prior Approval

Art. 117. Without excluding other matters provided for in this Instruction, the following will be subject to CVM's prior approval to produce an effect:

I – the operating rules of organized markets of securities or organized segments of securities, as well as the amendments thereto;

II – the amendments to the bylaws of the managing entities of an organized market;

III – the company's and the administrative bodies' resolutions that result in a substantial change in the structure of the managing entity's organization, of an organized market of securities or of the self-regulation activities of organized markets of securities;

IV – the procedures to be followed by the Self-Regulation Department and the Self-Regulation Council of managing entities of the organized market of securities in the initiation and handling of disciplinary proceedings on administrative level and in the execution of terms of commitment; and

V – if existing, the regulation that governs the operation of the loss recovery mechanism (Art. 78).

§1 In the matters addressed in this article, the term for CVM's approval is of twenty (20) business days from the date of submission of the relevant application or of the amendment to the company's bylaws, as applicable, or of the submission of the supplementary clarification or information requested by CVM.

§2 Upon the compliance with the requirements that may be formulated only once, with a maximum ten (10)-business day term for compliance, CVM will have a ten (10)-business day term to render its decision, to be counted starting on the filing of the corresponding application or of the submission of the supplementary clarification or information requested.

§3 In case CVM does not render a decision on the request or on the compliance with the requirements within the terms specified in §§ 1 and 2 hereof, the documents presented shall be considered approved.

§4 The provisions of this article shall not apply to the amendments occurred as a result of decisions of other public agencies in respect of matters not encompassed by CVM's legal jurisdiction.

CHAPTER IX

CVM'S JURISDICTION

Art. 118. In addition to the authority described in this Instruction, CVM may, in relation to any of the regulated markets referred to in this Instruction:

I – suspend the enforcement of the rules adopted by the organized markets of securities, if they are considered inadequate to the performance thereof, and shall direct the adoption of the measures as it deems necessary;

II – cease the enforcement of the decisions rendered by the organized markets of securities, in whole or in part, especially if the case involves protecting investors' interests;

III – cancel the transactions carried out and pending settlement in regulated markets, or order the clearing and settlement entities to suspend the settlement thereof, in the cases of transactions likely to represent breaches of the legal rules and regulatory standards;

IV – order the recess of the organized market of securities for the purpose of preventing or correcting irregular market situations established in the regulations in effect;

V – lift and reverse the operating authorization of the organized market of securities;

VI – require that the organized market of securities, on a preventive basis, temporarily removes members of the Board of Directors or of the Executive Board if there is any indication that a violation incompatible with the exercise of the office for which they have been elected or appointed has been committed until the conclusion of the corresponding administrative proceedings, which should be completed by CVM within one hundred and twenty (120) days from the date of the presentation of their answers,

whereupon the manager in question may be reconducted to his/her position, if applicable;

VII – order that the organized market of securities suspend the activities of its members and of the persons authorized to trade who have any relation with the transactions carried out in its environments and systems, or the immediate removal of its officers in the performance of their duties in that scope, if there is any indication that a violation incompatible with the performance of its activities in an organized market of securities has been committed, until the conclusion of the corresponding administrative proceedings, which shall be completed by CVM within one hundred and twenty (120) days;

VIII – direct the re-preparation of the financial statements of the managing entity of an organized market of securities that are not in compliance with Law No. 6,404/, of 1976, and with the regulation applicable thereto;

IX – establish the liability, by way of administrative proceedings, of the managing entity of an organized market of securities that has not arranged for the reinstatement of funds of the loss recovery mechanism, if any, within sixty (60) days from the date when this balance has fallen short of the minimum amount established in the regulation;

X – refuse the approval of rules or procedures that require amendments, at all times as it considers them insufficient for the adequate operation of the organized market of securities or contrary to the legal or regulatory provisions.

Art. 119. The failure to comply with the rules of this Instruction constitutes a severe breach of the rules of this Instruction for the purposes of § 3 of Art. 11 of Law No. 6,385, of 1976.

CHAPTER X

FINAL AND TRANSITIONAL PROVISIONS

Section I

Legal Notices

Art. 120. The legal notices referring to securities or other assets destructed, disappeared or unduly retained shall be filed by the managing entities of the organized market of the corresponding securities, so as to allow easy access and tracking, if necessary, with this information being also disclosed, for knowledge of the persons authorized to trade and of other managing entities of the organized market of securities, thereby preserving the confidential nature of information on the persons involved.

Section II

Publication of Normative Acts

Art. 121. The normative acts, resolutions and deliberations related to the organized markets of securities shall be published in the managing entity's

official report and on its homepage in the world wide web.

Section III

Adjustment to the Instruction

Art. 122. The managing entity of an organized market of securities currently authorized by CVM to operate, on a final or temporary basis, shall adapt to the provisions of this Instruction, no later than two hundred and seventy (270) days from the date of its inception.

Art. 122 amended by CVM Instruction 468, dated APRIL 18, 2008.

Sole paragraph. The temporary or conditional authorities existing today for the managing entities of the organized market become final, without prejudice to the contents of the **introductory provisions**.

Art. 123. CVM's Instructions No. 42, of February 28, 1985; No. 179, of February 13, 1992, No. 184, of March 19, 1992; No. 203, of December 7, 1993, No. 263, of May 21, 1997; No. 344, of August 17, 2000; No. 362, of March 5, 2002; No. 379, of November 12, 2002; Art. 6 of CVM Instruction No. 312, of August 13, 1999; Articles 1 to 14 and 17 of Instruction No. 243, of March 1, 1996; CVM Instruction No. 250, of June 14, 1996; Articles 2 to 7, introductory provisions, and §1 of Art. 8, Articles 10, 13, 15 and 16 of CVM Instruction No. 297, of December 18, 1998; sole paragraph of Art. 1 and Art. 3 of CVM Instruction No. 20, of, of February 15, 1985.

Art. 124. This Instruction enters in effect on the date of its publication.

Original signed by

MARIA HELENA DOS SANTOS FERNANDES DE SANTANA

President

ENCLOSURE I

DOCUMENTS REQUIRED FOR OPERATING AUTHORIZATION AS AN MANAGING ENTITY OF THE ORGANIZED MARKET

I – Corporate acts and subsequent amendments thereto, duly updated and prepared in accordance with the legal formalities.

II – Consolidated financial statements prepared pursuant to Law No. 6,404/76 and the remaining rules issued by CVM, audited by an independent auditor registered with CVM and covering the three preceding financial years.

III – Proof of payment of the equity or company's interest.

IV – Feasibility study that proves its financial and economic standing to attain its corporate purpose, with the description of the human, technical and material resources pertaining to the exercise of its activities.

V – A descriptive report addressing the following issues:

- a) procedures, structures and, if applicable, risk controls that ensure the compliance with the legal rules;
- b) the governance structure of the managing entity;
- c) internal audit procedures;
- d) organization chart of the managing entity, specifying the number of persons pertaining to each area or position, as well as information on the type of qualifications required;
- e) the inspection and supervision structure provided for in Chapter IV or in Art. 111, whenever the entity involved is a managing entity of an organized over-the-counter market, including the name and qualification of the occupants of executive positions; and
- f) an annual self-regulation schedule and the list of human and material resources available for the attainment thereof.

VI – Member list of the Board of Directors, Executive Board, Self Regulation Council and Chief Officer of the Self-Regulation Department, specifying, for each of them:

- a) the name, title, initial and final dates of the mandate;
- b) professional experience and academic qualifications for the performance of the corresponding roles;
- c) document or certificate to prove that the requisites imposed by this Instruction have been fulfilled; and
- d) activities and sectors under its responsibility.

VII – In the event of a managing entity organized as a stock corporation, a report naming all the shareholders that, either directly or indirectly, own 5% or more of any type or class of securities of its issuance. In the event of a managing entity organized in an associative manner, a list of the ones who have contributed or that are entitled to receive proceeds in case of liquidation, of 5% or more of its equity. In both cases, the report shall mention, for each of the persons named therein:

- a) the full company's name;
- b) the number of shares and other securities or the quantity of securities owned by them;
- c) approximate equity interest;
- d) the existence or not of any controlling relationship; and
- e) information on the existence of operating agreements.

VIII – Code of Conduct applicable to the functional and directive organization chart of the managing entity and to the members of the Self-Regulation

Department and Council.

ENCLOSURE II

DOCUMENTS REQUIRED FOR THE APPLICATION OF THE OPERATING AUTHORIZATION FOR AN EXCHANGE MARKET

I – Regulations, contracts and other documents that govern

- a) trading in its environments and systems;
- b) the list, suspension and exclusion of issuers of real estate securities admitted to trading; and
- c) the admittance, suspension and exclusion of parties interested in trading, including the criteria and conditions applicable to each case, as well as their representatives with access to the trading environments and systems;
- d) consideration collected;
- e) loss recovery mechanisms.

II – Descriptive report addressing the means of access to trading and trading schedules.

III – Descriptive report audited by an independent auditor registered with CVM:

- a) trading systems, record and reproduction of information;
- b) on the settlement system, and the respective data replication system, if the administrative entity of an exchange market is authorized by CVM to perform the activities directly or by contract with a clearing and settlement agency authorized by CVM.

IV – Code of conduct applicable to the persons authorized to trade and their representatives with access to the trading environments and systems.

V – Information on companies affiliated to or controlled by the managing entity of an exchange market or with which it maintains a relationship of a contractual or any other nature, referring to the trading on the systems used in the transactions carried out in their environment and liquidation of business, if applicable.

VI – As soon as available, a list in alphabetical order of all the persons authorized to trade in the exchange market, as well as of their representatives, including the following information:

- a) name;
- b) date of grant of authorization to trade or to act as its representative, with access to the trading environment and systems, and informing, in this case, the name of the grant of authorization to trade, with access to the trading environments and systems, also informing, in this case, the name of the

institution to which it is connected and the nature of the relationship maintained;

c. address and telephone of the corporate headquarters;

d. d) description of the activities developed by the person authorized to trade;

e) association category or category of authorization granted.

VII – As soon as available, the list and description of the real estate securities admitted to trading, with the indication of the issuer's name, if applicable.

ENCLOSURE III

DOCUMENTS REQUIRED FOR THE APPLICATION AUTHORIZATION FOR TRADING IN NA ORGANIZED MARKET OF SECURITIES

I – All the documents required in Enclosure II, except for letter "e" of item I.

ENCLOSURE IV

DOCUMENTS TO BE SUBMITTED BY THE CANDIDATES TO MANAGEMENT AND INSPECTION OFFICES IN ORGANIZED MARKETS

I – Full qualification;

II – Complete description of personal experience, mentioning the professional activities performed before, as well as professional and academic qualifications;

III – Type of professional relationship intended with the management entity of a managing entity of an organized market;

IV – Information on awards, notwithstanding if not passed in rem judicatam, in this latter case referring to materials connected to the financial and capital markets.