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Before starting, I would like to point out that when stating my opinions, these are my own and do not represent necessarily the views of the Board of Commissioners or of the CVM as an institution.

I. Importance of capital markets

In the last few years, market based financing alternatives have become an increasingly natural, needed and complementary source of funding for sustaining economic and social growth, especially in view of:

- (i) the stricter capital requirements adopted by banks, which are discouraged towards long term credit activities; and
- (ii) the commitment of G20 leaders to deliver sustainable growth without endanger the balance and soundness of public finances.

Thus, ensuring capital markets can be resilient, sustainable, and a truly viable financing alternative in the long run, significantly increases the responsibility of all private and public agents involved in this effort.

This relevant role of capital markets is even more concrete in Emerging Markets like Brazil, where there is a high demand for additional, long term sources of capital, considering the need to:

- (i) finance infrastructure projects; and
- (ii) support a consistent and continuous development of small and medium sized companies.

At the same time, we acknowledge that Brazilian economy is sailing through a challenging moment, which affects the capital markets.

In times like these, marked by the reassessment of assumptions and economic strategies, investors naturally tend to be more cautious in their decisions.

Whereas solid capital markets, by definition, are built on **trust and confidence**, in my view, to overcome this moment we must contemplate one keyword: **credibility**.

In a world where information travels faster than ever, technology changes at a very high speed and cross-border transactions are very expressive, it is our duty to make sure investors feel more protected, confident and willing to invest their savings in our capital markets.

This perception leads us to focus on three key elements I have been emphasizing as crucial factors that walk hand in hand to the development of a safer market:

- (i) **effective structures of corporate governance;**
- (ii) better perception, measurement and mitigation of risks; and
- (iii) a solid financial education policy.

II. Corporate governance

First of all, any efforts aiming at the strengthening of our capital market and the enhancement of investor confidence will not be truly effective unless they contemplate the development and maintenance of an effective legal, regulatory and institutional framework of corporate governance.

This is an issue that needs to be carefully addressed, based on a thorough and straightforward discussion involving different market agents and a clear evolution of the theme of risk monitoring.

That is why the Brazilian Securities and Exchange Commission – CVM, in a joint and complementary mission with self-regulatory organizations and all market participants,

is constantly seeking to address the development of effective governance structures, which, at the end of the day, will benefit the market as a whole.

Solid practices of conduct have the power to make investors comfortable towards taking long term decisions and, therefore, facilitate capital access, once they promote the alignment of interests, the preservation of business organizations, and mitigation of controlling risks.

This is the reason why corporate governance is a global concern, and a subject that shall be permanently in the primary agenda of the CVM, and other capital markets regulatory bodies.

As the Brazilian capital markets' regulator, we have been and will continue totally engaged in the most relevant international discussions regarding corporate governance, such as the IOSCO (International Organization of Securities Commissions) Risk Committee, the IOSCO Board and the Corporate Governance Committee of OECD (the Organization for Economic Co-operation and Development).

In my opinion, discussions concerning how we should continue evolving in this field are always timely and will never run out.

In Brazil, the theoretical rise of this matter is recently new. Until the 90's, best practices of governance were not perceived by most companies as a key factor for business sustainability.

Since then, the debates evolved and began to consolidate the awareness that poorly reflected decisions, as well as deficient risk control internal procedures, could even bring fast results, but provoke significant losses in the long term.

These discussions resulted in the creation of the New Market, in 2000, significantly changing the Brazilian capital markets landscape.

However, it may have also led the market to believe that we had, in Brazil, a significant headway.

It was true! But at that time!

Other key markets also made progress and are closing that gap!

This perception, as well as some concrete and high profile cases in the Brazilian market, some of them involving state-owned companies, only re-affirm my view that this is the moment for us to **move on to the next level**.

I strongly believe that a significant part of the flaws that gave rise to the instability the Brazilian capital market is facing could have been avoided or mitigated if companies had structured better and more accountable corporate governance systems.

Currently, there are some important and interesting self-regulatory initiatives, which we are monitoring and supporting.

I would like to mention two key ones where we are particularly engaged:

- (i) the establishment of a National Corporate Governance Code, currently under debate by a group of several market associations; and
- (ii) the development of a project, led by the Brazilian Stock Exchange, focused on the governance of state-owned companies, which by their own nature, require some specific features in order to mitigate political influences.

Aside the support and permanent follow-up of these self-regulatory initiatives, the CVM has been permanently working to align our rules to international standards and Brazilian capital markets' needs, always ensuring that our regulatory framework leads to proper, transparent and enforceable requirements on this subject.

I can give you a few examples of such efforts:

- (i) the newly issued rules regarding remote voting, which requires

companies to provide safe and effective mechanisms in order to favour shareholders attendance in general meetings;

- (ii) the improvement of our enforcement activities, with the establishment of clear objectives, since 2014, in terms of quality and speeding for our sanctioning proceedings; (this has allowed us to clean up past inventory of pending investigations)
- (iii) a special task force to review how we handle and what can be improved in relation to some particularly harmful infractions, such as insider trading and market manipulation, which affects the core governance principle of equitable treatment of shareholders;
- (iv) a concrete proposal for a review in our current Securities market law (Law 6,385/1976) in order to update the penalties level (last amended in 1997) and make them more proportional; it also create mechanisms that further protect investors, such as the possibility of having leniency agreements to support our investigation processes;
- (v) the consolidation and alignment of our accounting rules, focusing on reducing the quantity of information disclosed and giving priority to the quality of the financial statements; and
- (vi) encouraging the adoption of Audit Committees, and requiring the disclosure of policies related to internal controls (of their corporate reporting), informing the market about its organizational structure, efficiency levels and flaws.

We know that each business has its own particularities; and this needs to be respected in the definition of what is a good corporate governance structure.

However, it must be said: **there cannot be any impeditive excuses for bad corporate governance structures.**

No matter the market segment, if there is a single controlling shareholder or not, if it is a state-owned enterprise or not.

Every company must have its own corporate governance structure, properly fit for its needs and, consequently, to investors' needs.

Sound and well implemented practices of governance, after all, give rise to a more transparent, sustainable and responsible business environment.

They ensure an equitable treatment of shareholders, a timely and accurate disclosure of corporate information, a strategic guidance of the company, by means of an independent, skilled and diligent administration, as well as efficient internal controls.

III. Risk management and internal controls

Now I would like to speak about the second factor I pointed out: risk identification, management and mitigation.

The quality of internal controls is a key component to support the implementation of any solid corporate governance system.

For this reason, I always strongly emphasize that we cannot allow the creation of pro forma mechanisms that would solely increase the bureaucracy in the corporate organization.

All past crisis, big ones, as the one occurred on 2008, and minor ones, that frequently afflict specific market segments, showed us that risks effectively do exist and surround our day-to-day activities.

What we can learn from all of these cases is that poor internal risk control procedures of significantly contribute for the occurrence of crisis and lower market safety level.

These mechanisms shall be related to the business nature, and able to control, identify and address material risks, triggering fast and powerful solutions.

And it must be said: that the effectiveness of these mechanisms also depends on a constant reevaluation by the senior administration, (led by the Board of Directors) in order to address new challenges that certainly arise.

It is imperative that Board of Directors understand the extent of their responsibility over this issue, and that this subject should not be delegated.

We need to be engaged at all levels so a culture is consistently incorporated to deal with minor, small waves that happen in the day to day business life in order to avoid large tsunamis, which are much costlier to lead and solve.

IV. Financial education

The third factor that I would like to stress, -- and which it is also closely related to a better perception of risks --, is the importance of a consistent financial education policy.

We have already achieved some important advances in this area, and our goal is to turn Brazil into a regional reference in this field. Just to give a few examples of what is in our agenda:

- (i) the promotion of an annual International Conference of Investor Education and Financial Behavior, held in Rio de Janeiro and whose 3rd Edition is already scheduled for this December;
- (ii) the active participation in a comprehensive financial education program spanning Eight Hundred Sixty-Eight (868) schools and approximately Twenty Thousand (20,000) high school students;
- (iii) the idealization and organization of the 1st Brazilian National Week of Financial Education, occurred in 2014, comprising free seminars , covering, among other themes, personal finances and introduction to capital markets.

(In its 2nd edition, held in March, the event already reached 9 different Brazilian federative states, with more than a hundred activities and projects);

- (iv) the creation of a blog in order to disseminate papers and promote the discussion of themes related to the capital market, approaching investors and academics;
- (v) the recently launched new CVM's website, with an easy and modern interface, favoring the access of the public to the information provided by us.

After all, a solid financial education policy has the power to:

- (i) raise the population awareness about long-term savings and investment opportunities, and
- (ii) enhance the consciousness related to the risks inherent to such investments, inducing more resources to the market.

V. Regulatory Agenda

Investors need to know the risks they are facing, and we do not miss the perspective that market participants also have an important role in this direction, disclosing material information and offering adequate products.

In this sense, we addressed this concern through our regulatory agenda, enacting as a rule that securities distributors and investment advisors must verify the suitability of their products with the profile of their clients.

As I previously mentioned, the CVM is fully committed to deliver a safe and sustainable capital market, focused on ensuring investor protection.

Nonetheless, we do not miss the perspective that the needed expansion of the boundaries of Brazilian capital market shall also be permeated by a regulatory agenda with well-defined priorities.

We need to have safe and increasingly efficient instruments to support such sustainable growth, properly addressing investors' needs and the challenges market reality places upon us.

Besides all the advances that I previously mentioned, particularly the ones regarding our disclosure and internal controls rules, our regulatory agenda has been also contemplating other key issues to the sustainable development of our capital market.

Last year alone, we published 11 new rules, result of a consistent dialogue with investors and market associations such as AMEC and ANBIMA, based on an organized methodology that includes a public consultation period.

In this sense, we recently reviewed, for instance, the normative framework of mutual funds, streamlining the information disclosed, making investment limits more flexible (including those for foreign investments), as well as creating new structures with simpler investment conditions.

Our recent regulatory agenda was also influenced by the conclusions of a committee formed by the CVM, Brazilian Stock Exchange and other market institutions, in order to promote the access of small and medium sized companies to the capital markets.

Therein, we recently enabled companies to, observed some requirements, launch public offerings of stocks and convertible debentures with restricted efforts. Such offerings differ from standard offerings, once there is no need to request registration of the plan with the CVM.

This resulted celerity is particularly important, considering that, in difficult times, windows of opportunities cannot be wasted by the companies.

In this sense, we have already submitted to public hearing, among others themes, the regulation of the COE, very similar to a Structured Note (*Certificado de Operações Estruturadas*).

I believe this instrument may be an interesting vector to disseminate long-term investments in Brazil, once it gathers rights and obligations of a complex transaction, allowing a greater diversity of risks, with reduced transaction costs.

There are also some other relevant themes currently under study, as the review of our rules regarding the activities of fiduciary agents and consultants, the investments in private equity funds, and the establishment of a proper framework for equity crowd funding.

VI. Conclusion

As I previously stated, business environment is leading to the strengthening of the capital markets as a needed and important alternative for long-term financing, and this is especially relevant in Emerging Markets like Brazil.

In this context, at the same time we acknowledge the urgent need to attract new potential investors to our market, ensuring them safe and efficient investment structures, we are also aware of the challenges we are facing.

Given this scenario, we have the responsibility – but also the great opportunity – to review certain concepts, especially the ones related to the strengthening of our corporate governance framework.

This evolution can no longer be postponed, and it is a top priority for us in the CVM!

And one thing is clear: any progress shall only be deemed appropriate if based on some touchstones that we are not disposed to abdicate: technicality, balance, independence and, most and foremost, credibility.

This market development, aligned with a consistent financial education policy, a solid investor protection, and the strengthening of our compliance and enforcement mechanisms, will certainly induce the safety and efficiency of our capital market, and naturally pave the resumption of the investor confidence, supporting the economic growth.

Thank you very much!