



SECURITIES COMMISSION OF BRAZIL



**FEDERAL FINANCIAL MARKETS
SERVICE OF RUSSIA (FFMS)**

MEMORANDUM OF UNDERSTANDING CONCERNING CONSULTATION

AND

COOPERATION AND THE EXCHANGE OF INFORMATION

BETWEEN

THE SECURITIES COMMISSION OF BRAZIL

AND

THE FEDERAL FINANCIAL MARKETS SERVICE OF RUSSIA (FFMS)

MEMORANDUM OF UNDERSTANDING

The SECURITIES COMMISSION of Brazil ("CVM") and the Federal Financial Markets Service of Russia ("FFMS"),

Considering the increased importance and frequency of operations of financial institutions and investors in the international securities markets, the need for mutual cooperation, help and exchange of information in order to facilitate the performance of their functions in the matters mentioned hereinafter;

Considering the importance of ensuring compliance of the securities laws and regulations of Brazil and Russia;

Willing to establish the fullest mutual assistance, help and exchange of information in order to facilitate the performance of the functions they are entrusted in their respective States to enforce or secure compliance with any laws, rules or regulations in the securities field;

Have reached the following understanding:

1. PURPOSE OF THE AGREEMENT

The purpose of this Memorandum of Understanding ("MOU") is to establish a system for mutual assistance between the administrative Authorities designated hereinafter in order to facilitate the performance of the functions they are entrusted with in their respective States and to support the integrity of securities markets, in particular through the establishment of rules for mutual cooperation, help and exchange of information, including:

- a) make and protect the rights of investors to obtain timely and accurate information regarding the issuers of securities;
- b) prohibit and impose sanctions against the use of inside information, manipulative market practices, and other practices intending to abuse the market as well as against non authorised investment service providers;
- c) ensure compliance by all market participants, including investors, with the laws and regulations governing market procedures and organization;
- d) ensure compliance by all investment service providers with the laws and regulations governing their professions and their operations on the securities markets, including laws and regulations concerning the transmission and execution of orders or the management of individual and collective portfolios and;
- e) monitoring and enforcement of compliance with applicable laws and regulations relating to the disclosure of major holdings in listed companies, take-over bids or the acquisition of influence over authorized persons.

2. SIGNATORY AUTHORITIES.

1. The CVM is an independent Federal Agency linked to the Ministry of Finance, responsible for the regulation, supervision and control of the securities markets. The competence of the CVM extends over international cooperation in its field, including setting up bilateral relations.

2. The FFMS is the federal executive body responsible for regulation, control and supervision in the financial markets area (excluding insurance, banking and audit activities). The FFMS is managed by the Government of the Russian Federation. The FFMS performs its international cooperation in the established order.

3. DEFINITIONS

For the purposes of this Understanding:

1. "**Authority**" means:

- a. Securities Commission of Brazil

b. Federal Financial Markets Service of Russia

2. **"Requested Authority"** means an Authority to whom a request is made under this MOU.
3. **"Requesting Authority"** means an Authority making a request under this MOU.
4. **"Person"** means a natural person or legal entity, trustee or partnership.
5. **"Securities"** means a stock, bond, note negotiable, futures contracts, other derivatives products, options and any financial product, or any other right, contract or document subject to the jurisdiction of the Authorities.
6. **"Issuer"** means a person who issues or proposes to issue any security.
7. **"Securities market"** means an exchange or other market, including an over-the-counter market, for equity securities, debt securities, bonds, options or any other security that is recognized, regulated or supervised by the Authorities.
8. **"Investor"** means a person who directly and indirectly has, holds or places an order to obtain a beneficial interest in securities.
9. **"Investment Service Providers carrying out operations on the securities markets"** means any person who engages in the business of purchasing, selling, transmitting, clearing or settling securities; collecting, executing or transmitting orders given by investors concerning the purchase or sale of securities; engaging for his own account, or for the accounts of investors, in the management of individual or collective securities portfolios; or advising others in these matters; and
10. **"Laws, rules and regulations"** mean the provisions of the laws, rules, regulations and other regulatory requirements applicable in Brazil and the Russian Federation.

4. SCOPE OF THE MEMORANDUM OF UNDERSTANDING

1. The Authorities intend to provide each other the maximum possible assistance to the extent permitted by their domestic legislation, in order to facilitate the exchange of information between such Authorities relating to the facts in connection with investigations to determine whether any person has violated the laws, rules or regulations of the State of the requesting Authority. For that purpose, they will:
 - a) reveal any information in its possession;
 - b) take statements from persons;
 - c) obtain documents from persons.
2. To the extent permitted by their respective national laws, rules, regulations and procedures and without prior request, each Authority should provide any other Authority with any relevant factual information available to it and which it believes to be helpful to the other Authority for the discharge of its functions and for the purposes, which it may specify in the communication (unsolicited information).
3. The assistance should be provided only in the way allowed by the laws, rules and regulations in force in the jurisdiction of the requested Authority, including all ratified international agreements.

5. GENERAL PRINCIPLES

1. This MOU serves as a basis for cooperation for the Authorities and does not create any binding international legal obligations, nor does it modify or supersede any laws, rules, regulations or regulatory requirements in force in Brazil and Russia. The MOU does not create any rights enforceable by third parties, nor does it affect any arrangements set within other Memoranda of

Understanding. The execution of the provisions of this MOU shall be consistent with domestic laws, rules, regulations and conventions of the respective countries of the Authorities and within the availability of respective resources of the Authorities, and the execution of the provisions shall not be contrary to the public interests of the country of the requested Authority.

2. Assistance under this Understanding may be denied if:

a) the execution of the request would prejudice the sovereignty, security, fundamental economic interest or public order of the State of the requested Authority;

b) the request is not in accordance with the provisions set forth in this MOU;

c) a criminal proceeding has already been initiated in the State of the requested Authority based upon the same fact and against the same persons, or the same persons have already been finally sanctioned on the same charges by the competent Authorities of the State of the requested Authority, unless the requesting Authority can demonstrate that the relief or sanction sought in any such proceeding would not be duplicative of any relief or sanction obtained in the State of the requested Authority.

6. REQUESTS FOR ASSISTANCE

1. Requests for assistance must be made in writing and addressed to the requested Authority's contact officer listed in Annex A.

2. The request for assistance shall include the following:

a) the type of information sought by the requesting Authority;

b) a detailed description of both the matter that is the subject of the request and the purpose for which the information is sought;

c) Identification of the persons or entities suspected by the requesting Authority of possessing the information sought, or the places where such information may be obtained, if the requesting Authority is knowledgeable thereof;

d) the laws or regulations pertaining to the matter that is the subject of the request; and

e) the desired time period for the reply and, when appropriate, the urgency thereof.

3. In case of urgency, requests for assistance and replies to such requests may be transmitted by summary or emergence procedures provided that they are confirmed in the manner prescribed in paragraphs 1 and 2 of this point.

7. EXECUTION OF REQUESTS

Subject to the above points 1, 2, 3, 4, 5 and 6, the requested Authority will provide to the requesting Authority with the information that it holds or that it may obtain by such means as may be determined by the requested Authority, in accordance with the applicable domestic rules.

8. PERMISSIBLE USES OF THE INFORMATION

1. The requesting Authority may use the information and documents provided by the Requested Authority:

a) for purposes stated in the request, including ensuring compliance with enforcement of the laws or regulations specified in the request and related provisions;

- a. for purposes within the general framework of the use stated in the request including conducting a civil or administrative proceeding, or market surveillance, or assisting in a criminal prosecution, or conducting any investigation related thereto for any general charge applicable to the violation of the laws or regulations specified in the request.
2. If a Requesting Authority intends to use information furnished under this MOU for any purpose other than those stated in paragraph 1 of this point, it must obtain the consent of the Requested Authority.

9. CONFIDENTIALITY OF REQUESTS AND INFORMATION PROVIDED

1. Each Authority shall keep confidential, to the extent permitted by law, requests made within the framework of this MOU, the contents of such requests, and any other matters arising during the implementation of this MOU, including consultation between Authorities.
2. The requesting Authority shall keep confidential any information received pursuant to this MOU to the same extent as such information would be kept confidential in the territory of the State of the requested Authority, except in the case where the information provided must be disclosed in the course of uses pursuant to point 8.
3. Where compelled by law or a court order to disclose the information received, the Requesting Authority should give prior written notification to the Requested Authority before such disclosure be made.

10. DISPUTES AND CONSULTATION

1. In any case of dispute over the meaning of any term used in this MOU, the Authorities shall define the terms herein by mutual agreement.
2. The Authorities will keep the implementation of this MOU under continuous review and will consult with a view to improving its implementation and resolving any matter that may arise. In particular, the Authorities will consult upon request in the case of:
 - a) a refusal by one Authority to comply with a request for information on the grounds set forth in point 6, or with a request to use the information on the grounds set forth in paragraph 2 of the point 8;
 - b) a change in market or business conditions, or in the laws or regulations, or any other difficulty which makes it necessary to amend or extend this Understanding in order to achieve its purposes.
3. The Authorities may make agreements on such practical measures that may be necessary to facilitate the implementation and the full achievement of the purposes of this Understanding.
4. The Authorities will review the implementation of this MOU regularly and conduct consultations in order to improve its operation and to resolve possible difficulties.

11. COST SHARING

If it appears to the requested Authority that the response to a request for assistance under this MOU will incur substantial costs, the Requested Authority and the Requesting Authority may establish a cost sharing arrangement before continuing to respond to such a request for assistance.

12. DURATION

This Understanding has been concluded for an indefinite period and shall remain in force unless terminated by either Authority upon 30 days written notice to the other Authority, which was preceded by consultation between the Authorities.

If the Requested Authority undertakes to denounce this MOU, requests for information communicated before the effective date of denunciation will still be processed under this MOU.

13. EFFECTIVE DATE

This Understanding will be effective from the date of its signing by the Authorities.

Signed in Moscow, in on May 12, 2006, in Russian, Portuguese and English versions, in duplicate. Each of these versions shall be equally binding, any doubts shall, however, if appropriate, be resolved on the basis of the English version of the Agreement.

**SECURITIES COMMISSION OF
BRAZIL(CVM)**

**FEDERAL FINANCIAL MARKETS SERVICE
OF RUSSIA (FFMS)**

Oleg Vyugin

Head

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Chairman

ANNEX A

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