

REGULATIONS OF INTEREST TO FOREIGN INVESTORS



CVM INSTRUCTION NR.168

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SUMMARY

CVM's Rule (Instruction) 168 determines that the stock exchanges must adopt special procedures for the trading of operations representing:

- either a substantial block of shares or a quantity of shares or rights substantially higher than the average that was traded during the last 30 floor tradings, even if not representing the transfer of the company's control; or
- a price substantially higher or lower than previously set price patterns.

Special procedures may be understood as those that assure conditions for equitable participation of investors. The main parameters to be observed are:

Average (1)		Quantity of Ordinary Shares (Voting) ⁽³⁾		Quantity of Preferred Shares (Non- Voting)	PROCEDURE
< 5X (2)	and	< 0.50%	or	< 1.00%	Transaction is registered immediately
5X - 10X	or	0.50% -- 0.99%	---	N/A	Immediate Auction
< 10X	---	N/A	and	1.00% -- 2.99%	Auction, divulged 15 minutes earlier and communicated to all other stock exchanges
> 10X	or	1.00% -- 2.99%	or	3.00% -- 4.99%	Auction, divulged 1 hour earlier and communicated to all other stock exchanges
any	----	3.00 -- 6.00%	or	5.00% -- 20.00%	Auction, divulged 24 hours earlier and communicated to all other stock exchanges
any	----	> 6.00%	or	> 20.00%	Auction, divulged 48 hours earlier and communicated to all other stock exchanges

1. Average = (S quantity of shares per kind traded during the last 30 floor trades in each stock exchange)/30
2. 5X = five times the average

(3) [(Number of voting shares traded)/(Total voting shares)] * 100

Regardless of the criteria shown above, Rule 168 establishes that the stock exchange may determine that any particular operation be submitted to a special auction, whenever the block of shares is considered abnormal.

In addition, the CVM is empowered to cancel any operations that are performed without the observance of the provisions of Rule 168.

CVM's INSTRUCTION # 168
Of December 23, 1991
Providing for operations subject to
special procedures at Stock Exchanges

The Chairman of the *Comissão de Valores Mobiliários - CVM* makes it hereby publicly known that the Collegiate, in a session held on this date and having in consideration the provisions of articles 8, item I, and 18, item II, letter "a" of Law #6,385, of December 07, 1976,

RESOLVED:

Art. 1 - Stock Exchanges must adopt special trading procedures concerning operations representing:

I - amount of shares or stock rights significantly higher than the daily average traded in the last trading sessions, or any substantial block, even though trading does not involve stock control transfer;

II - price significantly higher or lower than the average of the last trading sessions.

Art. 2 - Stock Exchanges must also adopt special procedures for operations involving:

I - requests from Judiciary agencies;

II - requests from representatives of companies under extrajudicial liquidation;

III - sale of shares owned by defaulting shareholders, upon request from stock companies, as provided for in item II of art. 107 of Law #6404/76;

IV - sale of bonus fractions arising from capitalization of profits or reserves, upon request from stock companies, as provided for in section 3 of art. 169 of Law #6404/76;

V - balances remaining from non-exercise of priority rights upon private subscription by shareholders in companies having their stock traded at stock exchanges, as provided for in letter "a" of section 7 of art. 171 of Law #6404/76;

VI - subscription rights owned by:

a) controlling shareholder or companies controlled by the stock issuing company;

b) financial institutions and other companies referred to in item I of art. 15

of Law 6385/76;

c) any party whatsoever which may have acquired them with the purpose

of placing them in the market.

VII- changes on the ownership of the company;

VIII - any atypical trading or any trading which is not expressly provided for in regulations of Stock Exchanges operations.

Section 1 - Operations provided for in items VI and VII shall be submitted to prior approval by the Brazilian Securities and Exchange Commission, Stock Exchanges, in other cases, must provide for the conditions under which operations shall be carried out and follow-up the enforcement thereof.

Section 2 - In the event of item V, the Stock Exchange must request a statement by the company, making it clear

whether the controlling shareholder exercised all their subscription rights, and, in negative case, it will previously submit the operation to the approval of the Brazilian Securities and Exchange Commission.

Section 3 - In the event of item VII, the seller may determine that the operation should be effected through auction, with intervention only by the purchaser, solely for the acquisition of the whole lot being offered.

Art. 3 - Stock Exchanges must further inform the Brazilian Securities and Exchange Commission about the procedures adopted for operations to be carried out as set forth in article I and in items V and VIII of article 2.

Art. 4 - In order to analyse whether operations are to be qualified under item I of article I and items VI and VII of art. 2, the Stock Exchanges must consider the advisory businesses of a same committing party in one or more trading sessions, or through one or more brokers, being even entitled to cancel tradings already effected.

Art. 5 - For effects of the present Instruction, one same committing party are individuals or corporate entities acting in representation of one same interest.

Art. 6 - In addition to the cases herein provided for, Stock Exchanges may provide for in their regulatory rules special procedures for other operations effected at their trading sessions.

Art. 7 - Brokers, upon receiving orders representing either one of the hypothesis hereinabove mentioned, shall immediately inform such fact to the Stock Exchange for adoption of the procedures required in each case.

Sole Section - The provisions hereof are also applicable to the other parties integrating the distribution system which shall previously inform those brokers with which they operate about details of orders representing any of the hypothesis provided for in this Instruction.

Art. 8 - For effects of this Instruction special procedures mean those aiming at offering adequate conditions for the equitable participation of investors in operations carried out in Stock Exchanges, as well as observance of specific procedures required by law for certain operations.

Section I - With the purpose of compliance with the provisions herein provided for, Stock Exchanges, having in consideration the own feature of each operation, shall adopt, among others, the following special procedures.

PARAMETERS:

I-AMOUNT

a- They record an operation whenever:

The lot is smaller than 5 times the national average and smaller than 0.5% of the common stock or 1 % of the preferred stock.

b - It submits to immediate auction whenever:

The lot is between 5 to 10 times the national average or between 0.5% to 0.99% of the common stock.

c - It submits to auction with prior announcement of 15 minutes, communicated to other stock exchanges, whenever:

The lot is smaller than 10 times the national average and is comprised between 1 % and 2.99% of the preferred stock.

d - It submits to auction with prior announcement of 1 hour, communicated to the other stock exchanges, whenever:

The lot is bigger than 10 times the national average or from 1 % to 2.99% of the common stock or from 3% to 4.99% of the preferred stock.

e - Auction preceded by announcement, prepared in accordance with Annex I, published in the daily information bulletin, if any, of the stock exchange where the operation shall be carried out and disclosed through telex or telefax to the other stock exchanges on the business day immediately preceding that of the operation.

Independently of the national average, from 3% to 6% of the common stock and from 5% to 20% of the preferred stock.

f - Auction preceded by announcement, prepared in accordance with Annex I, published in the daily information bulletin, if any, of the stock exchange where the operation shall be carried out and disclosed through telex or telefax to the other stock exchanges, at least two business days in advance.

Independently of the national average, if bigger than 6% of the common stock or 20% of the preferred stock.

g - Financing operations falling under letters "e" and "f" hereinabove shall be submitted to auction with prior announcement of 1 hour, communicated to the other stock exchanges.

h - Sales effected by an investor, which is not a controlling shareholder, at one or more trading sessions, to diversified purchasers, with features of market operations and continuity of prices, involving amounts of shares falling within the parameters provided for in the foregoing items, do not need to be submitted to the procedures herein provided for.

i - In cases of trading of shares which subscription is to be homologated, the addition of the capital to be homologated and the primitive capital may be considered for effect of calculation, as provided for in the foregoing items.

j - National average means the sum of the amounts traded per species in each stock exchange of the country divided by 30, considering the last 30 trading sessions.

II - QUOTATIONS

Base Price: For the first trading of the day, the last quotation at the stock exchange where the highest amount of shares was traded, receipt of stock in the last 30 trading sessions.

The stock exchange may consider as base price the closing price for a determined share, receipt and stock right, in case the addition of the amounts traded at the last 30 trading sessions is up to 50% lower than that of the stock exchange where the highest amount of shares, receipts and stock rights was traded.

a - Operations with prices varying from 10% to 20%, excluding the latter, on the last trading effected with shares, receipts and stock rights - immediate auction;

b - Operations with prices equal to or higher than 20% on the last trading effected with shares, receipts and stock rights - auctions with prior announcement of 15 minutes, communicated to other stock exchanges;

c - In the specific case of shares, receipts and stock rights with very high liquidity, which shall be periodically disclosed by the CVM, and with prices varying more than 5% on the last trading effected at the same trading session auction with prior notice of 15 minutes, communicated to other stock exchanges.

d - During the course of a direct operation or common auction, in case it shall reach the limit of 100% above the initial auction price or 50% below this price, the announcement shall be suspended for 15 minutes for disclosure of the new price to the market, provided that such suspension shall occur during the regular business hours of the trading session. Upon reopening the auction only the last bidding shall remain valid, all other others being disconsidered.

- Suspension of the trading session shall occur only once.

- No suspension shall be effected for auctions disclosed from 24 to 48 hours in advance (SPECIAL AUCTION)

e - The technical price adjusted over the last quotation shall be considered for the first ex-right business, and the price established for effect of special procedures shall be thereafter applied.

f - Should there be no previous business, at the same trading session, and in the 5 previous trading sessions at stock exchanges, the operation shall be forthwith submitted to auction with a prior notice of 15 minutes, communicated to other stock exchanges.

g - In case of first trading of a share at stock exchange trading sessions, the first business shall be submitted to auction with prior notice of 15 minutes, communicated to other stock exchanges.

h - Operations with subscription rights, with quotations lower than Cr\$ 1.00/lot of thousand shares, shall only be submitted to prior auction with prior notice of 15 minutes in case of price variation above Cr\$ 0.10/lot of thousand shares.

i - In the case where an operation must be submitted to auction by more than one criterion (price or amount) the auction with longer term for notice shall be adopted.

Art. 9 - Independently of the foregoing criteria, the Trading Session Manager may determine that an operation be submitted to prior auction whenever, at his discretion, the size of the lot to be traded exceeds the amount considered to be normal or to assure continuity of prices.

Art. 10 - The criteria herein provided for shall be adopted for any value of securities which may be traded at stock exchange, as applicable.

Art. 11 - The Brazilian Securities and Exchange Commission may suspend the registration of operations and determine that the same be submitted to auction, with prior notice to the market, even though the same be qualified within the above mentioned parameters.

Art. 12 - The Brazilian Securities and Exchange Commission may suspend the liquidation or cancel operations effected in disagreement with this Instruction and may also determine the following to the Stock Exchanges:

a) adoption of special procedures for operations thereby considered to be worthy of such a treatment;

b) adoption of another procedure, thereby considered to be more adequate, in case of operations already submitted to a certain special procedure.

Art. 13 - The non-compliance with the provisions herein provided for shall be considered a serious infraction, for the purposes of section 3, Art. 11 of Law #6385/76.

Art. 14 - This Instruction shall become effective within five (5) days from the date of its publication in the Federal Official Gazette, and revokes Instruction #35, of July 23, 1984 and other provisions to the contrary hereto.

ARY OSWALDO MATTOS FILHO

Chairman

ANNEX I

MINIMUM INFORMATION REQUIRED IN AN AUCTION NOTICE

1. Name of company issuing securities;
2. Price;
3. Amount and percentile in relation to species and to capital stock;
4. Intermediate party's name;
5. Stock exchange, date and hour of the auction;
6. Statement that the seller is not aware of any relevant information about the company which is not known to the public in general.
7. Connection between the seller and the control or management of the issuing company.

ANNEX II

EXPLANATORY TABLE

PREFERRED SHARES

Traded Amount 1% 3% 5% 20%

Records 15 Min. | Hour 24 Hours 48 Hours

National 5 x Immediate 15 Min. | Hour 24 Hours 48 Hours

Average 10x | Hour | Hour | Hour 24 Hours 48 Hours

COMMON SHARES

Traded Amount 0.5% 1 % 3% 6%

Records Immediate 1Hour 24 Hours 48 Hours

National 5 x Immediate Immediate 1Hour 24 Hours 48 Hours

Average 10x | Hour | Hour 1Hour 24 Hours 48 Hours

NOTHING ELSE. In witness whereof, my hand and seal.

São Paulo, August 21, 1995.

Fale com a CVM