

INTEGRAL TEXT OF THE CVM INSTRUCTION No. 301, DATED OF APRIL 16, 1999, WITH ALTERATIONS ADDED BY THE CVM INSTRUCTION No. 463/08.

This is a Free Translation prepared by the CVM. Any questions arising from the text should be clarified by consulting the original.

This document is concerned with the identification, registration, operations, communication, limits and administrative responsibility approached by the items I and II of article 10, I and II of article 11, and the articles 12 and 13, of the Law no. 9.613, dated of March 3, 1998, referring to the crimes regarding "laundering" or concealment of assets, rights and valuables.

THE CHIEF EXECUTIVE OFFICER OF THE SECURITIES COMMISSION OF BRAZIL - CVM makes known that the Board of Commissioners, at a meeting carried out on this date, with regards to the Law no. 6.385, dated of December 7, 1976, as well as the articles 9, 10, 11, 12 and 13 of the Law no. 9.613, dated of March 3, 1998, and the single paragraph of the article 14 of the Decree Annex no. 2.799, dated of October 8, 1998, decided to publish the following Instruction:

OF THE SCOPE AND PURPOSE

Article 1 Ruled by the provisions of the present Instruction are the identification and registration of clients, the registration of transactions and the limit approached by the paragraphs I and II of article 10, the operations, communication and the limit referred to in the paragraphs I and II of

article 11, and the administrative responsibility established in the articles 12 and 13, all of them being provisions of the Law no. 9.613, dated of March 3, 1998, which is concerned with the crimes regarding "laundering" or concealment of de assets, rights and valuables, including prevention of use of the financial system for the practice of such misconducts.

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Article 2 Liable to the obligations established in this Instruction are the legal persons who have, permanently or occasionally, as the main or accessory activity, whether or not cumulatively, the custody, emission, distribution, liquidation, negotiation, intermediation or management of securities or valuables, as well as the administrative entities of stock markets and organized counters, besides other persons referred to in the article 9 of the Law no. 9.613/98, who are under discipline and supervision executed by CVM, and the legal persons' managers.

- Writing given by the CVM Instruction no. 463, dated of January 8, 2008.

OF CLIENT IDENTIFICATION AND REGISTRATION

Article 3 For the purposes of the provision in the article 10, paragraph I, of the Law no. 9.613/98, the persons mentioned in the article 2 of this Instruction will identify their clients and maintain their updated registration.

Paragraph 1 Irrespective of the provision of the CVM Instruction no. 387, dated of April 28, 2003, client registration must contain, at least, the following information:

- Writing given by the CVM Instruction no. 463, dated of January 8, 2008.

I – for natural persons:

- a) complete name, gender, date of birth, place of birth, nationality, marital status, filiation and name of spouse of partner;
- b) nature and number of the identification document, name of the issuing body and date of issue;
- c) inscription number in the Natural Persons Register (CPF/MF);
- d) complete address (location, complement, district, city, federation unit and CEP) and telephone number;
- e) professional occupation; and
- f) information surrounding earnings and assets situation.

II – for legal persons:

- a) denomination or Trade Name;
- b) controllers', managers' and attorneys' names;
- c) corporate register identification number (NIRE) and National Registry of Corporations (CNPJ);
- d) complete address (location, complement, district, city, federation unit and CEP) and telephone number;
- e) main developed activity;
- f) information surrounding assets and financial situation; and
- g) denomination or Trade Name of controlling, controlled or joint legal persons.

III – in other hypotheses:

- a) complete identification of the clients and their representatives and/or managers; and
- b) information about assets and financial situation.

Paragraph 2 The clients must communicate, immediately, any alterations in their registry data.

Paragraph 3 The persons mentioned in the article 2 of this Instruction must promote the update of the registry forms of active clients in periods not exceeding 24 months.

- Paragraph 3 added by the CVM Instruction no. 463, dated of January 8, 2008.

Article 3-A. The persons mentioned in the article 2 must:

I – adopt control measures, according to the procedures previously and expressly established, seeking to confirm their clients’ registry information, so as to avoid the use of the account by third parties and identify the final beneficiaries of the operations;

II – identify the persons considered politically exposed;

III – supervise more rigorously the business relation maintained with the politically exposed person; and

IV – dedicate special attention to proposals of relationship initiation and the operations executed with politically exposed persons from countries with which Brazil has a high number of financial and commercial transactions, common borders or ethnic, linguistic or political proximity.

Single paragraph: In case of a business relation between the persons mentioned in article 2 and the foreign country which is also a client of a foreign institution supervised by the government authority similarly to the CVM, it is admitted that the actions established in this Instruction be adopted by the foreign institution, provided that the CVM has granted access to data and procedures adopted.

Art. 3-B For the purpose of the provision in this Instruction it is considered that:

I – a politically exposed person is that one who performs or has performed, in the last 5 (five) years, relevant public positions, jobs or functions, in Brazil or other countries, territories and foreign dependencies, as well as their representatives, relatives and other people closely related to him.

II – relevant public position, job or function performed by heads of state and government, high-level politicians, high public service employees, high-level magistrates or military member, leaders of public companies or political parties; and

II – kinfolk of the politically exposed person, their relatives, in a direct line, up to the first degree, as well as spouse, partner and stepchild.

Paragraph 1 The (five) 5-year period referred to in the paragraph I must be counted, retroactively, from the date of initiation of the business relation or the date on which the client became conformed to the conditions of a politically exposed person.

Paragraph 2 Irrespective of the definition in the paragraph I of this article’s main section, in Brazil, politically exposed persons are:

I – holders of elected mandates of the Federal Executive and Judiciary Powers;

II – holders of positions, in the Federal Executive Power:

a) of State Minister or equivalent;

b) of special nature or equivalent;

c) of President, Vice President and director, or equivalent, municipalities, public foundations, public companies or mixed economy societies; or

d) of the direction and higher advisory services - DAS, level 6, and equivalent;

III – the members of the National Justice Council, the Supreme Federal Court and the superior courts;

IV – the members of the National Council of the Public Ministry, the Attorney General of the Republic, the Deputy Attorney General of the Republic, the Labor Attorney General, the Military Justice Attorney General, the Deputy Attorney Generals of the Republic and the Justice Attorney Generals of the States and the Federal District;

V – the members of the Federal Court of Auditors and the Attorney General of the Public Ministry alongside the Federal Court of Auditors;

VI – the State and Federal District Governors, the Chairmen of the Court of Justice, Legislative Assembly and the District Council and the Chairmen of the Court and Council of Accounts of the States, Municipalities and the Federal District; and

VII – the Mayors and Chairmen of the City Council of State capitals.

- **Articles 3-A and 3-B added by the CVM Instruction no. 463, dated of January 8, 2008.**

OF THE REGISTRATION OF TRANSACTION AND ITS LIMIT

Article 4 The persons mentioned in article 2 of this Instruction will maintain the registry of all transactions involving bonds or securities, regardless of its value, so as to allow:

I – the timely communication referred to in article 7.

II – the verification of each client’s financial movements, based on criteria defined in the control procedures of the institution, regarding the assets and financial situation reported its registry, considering:

a) the valuables paid as liquidation of operations;

b) the valuables or assets deposited as a guarantee, in operations in the future liquidation markets; and

c) the transfer of real state valuables for the client’s custody account.

- **Writing given by the CVM Instruction no. 463, dated of January 8, 2008.**

OF THE CONSERVATION PERIOD OF REGISTRIES AND RECORDS

Article 5 The registries and records referred to, respectively, in the articles 3 and 4, as well as the documentation proving the adoption of the procedures established in article 3-A of this Instruction, must be preserved, to CVM’s disposal, during the minimum period of 5 (five) years, starting from the closing of the account or the conclusion of the last transaction performed on behalf of the respective client, this period being prone to be indefinitely extended in the hypothesis of existence of investigation formally communicated by the CVM to the person or institution.

- **Writing given by the CVM Instruction no. 463, dated of January 8, 2008.**

OF THE OPERATION COMMUNICATION

Article 6 For the purposes of the provision of the article 11, paragraph I, of the Law no. 9.613/98, the persons mentioned in article 2 of this Instruction will dedicate special attention to the following operations involving bonds or securities:

I – operations whose values are objectively unsuitable with the professional operation, the earnings and/or assets or financial situation of any of the involved parties, based on the respective registry information;

II – operations performed between the parties or on their behalf, in which the following profits or losses referring to one of those involved is present;

- **Writing given by the CVM Instruction no. 463, dated of January 8, 2008.**

III – operations which evidence a significant oscillation in relation to the volume and /or frequency of business by any of the involved parties;

IV – operations whose development evidence characteristics which may comprise fraud regarding identification of the involved parties and/or respective beneficiaries;

V – operations whose characteristics and/or development evidence actions, contumaciously, on behalf of third parties; and

VI – operations which evidence a sudden, objectively unjustified change relating to the operational modalities generally utilized by those involved;

VII – operations executed seeking to generate losses or gains objectively lacking an economic basis;

VIII – operations with the participation of residing natural persons or entities constituted in non-cooperative countries and territories, in the terms of the letters edited by the Control Council of Financial Activities – COAF;

IX – operations liquidated in cash, if and when allowed;

X – private transfers, with no apparent reason, of securities resources and valuables;

XI – operations whose level of complexity and risk are unsuitable with the technical qualification of the client or their representative;

XII – deposits or transfers performed by third parties, for the liquidation of the client's operations, or as guarantee in operations in the future liquidation markets; and

XIII – payments to third parties, in any condition, as a liquidation of operations or rescue of valuables deposited as guaranteed, registered on behalf of the client.

Paragraph 1 The persons mentioned in the main section of this article must dedicate special attention to the operations in which the following categories of clients take part in:

I – non-residing investors, especially when in the form of trusts and societies with bearer securities;

II – investors with large amounts managed by areas of financial institutions directed at clients with such profile ("private banking"); and

III – politically exposed persons (article 3-B).

Paragraph 2. For the purposes of the provision in this article, the persons mentioned in the main section must analyze the operations along with other connected operations which may be part of the same group of operations or have any sort of relation.

- Paragraphs VII and XIII and Paragraph 1 and 2 included by the CVM Instruction no. 463, dated of January 8, 2008.

Article 7 For the purposes of the provision of the article 11, item II, of the Law no. 9.613/98, and the Decree no. 5.640/05, the persons mentioned in the article 2 of this Instruction must communicate the CVM, within the period of twenty-four hours starting from the occurrence which, objectively, allow them to do so, all transactions, or transaction proposals, approached by the registries established in article 4 of this Instruction which may constitute serious indications of crimes regarding "laundering" or concealment of assets, rights and valuables derived from the crimes included in the article 1 of the Law no. 9.613, dated of 1998, including terrorism or its funding, or relating to those, in which:

I – exceptional characteristics regarding the involved parties, form of execution or utilized instruments are verified; or,

II – economic or legal basis is objectively lacking.

- Writing given by the CVM Instruction no. 463, dated of January 8, 2008.

Paragraph 1 Communications approached by this article may be performed with the utilization, as applicable, of magnetic means and the communicants should not give the respective clients, knowledge regarding such acts.

Paragraph 2 Good-faith communications will not result, as determined by law, civil or administrative liabilities to the persons referred to in the main section of its article.

Paragraph 3 Considered as operations related to terrorism or its funding are those executed by person who practice or plan to practice terrorist acts, participating in them or facilitating its

practice, as well as entities belonging to or controlled by, whether directly or indirectly, such persons and the persons or entities acting under their command.

Paragraph 4 The communication established in the main section of this article must also inform whether it is concerned with the client considered as politically exposed person.

- Paragraphs 3 and 4 included by the CVM Instruction no. 463, dated of January 8, 2008.

OF THE ADMINISTRATIVE RESPONSIBILITY

Article 8 To the people mentioned in article 2 of this Instruction who do not comply with the obligations established in the articles 10 and 11 of the Law no. 9.613/98 and this Instruction the sanctions of article 12 of the Law no. 9.613/98, in the form established in the Decree Annex no. 2.799, dated of October 8, 1998, will be applied, whether cumulatively or not.

FINAL PROVISIONS

Article 9 The persons mentioned in article 2 of this Instruction must:

I – develop and implement a manual of control procedures which make possible the full compliance to the provisions of this Instruction; and

II – maintain a continuous training program for employees, seeking to publish the control and prevention procedures regarding money laundering.

- Writing given by the CVM Instruction no. 463, dated of January 8, 2008.

Article 10. The persons mentioned in article 2 of this Instruction must have a director responsible for the compliance with the obligations herein established, to whom access to the clients' registry data, as well as any information regarding the operations executed must be granted.

- Writing given by the CVM Instruction no. 463, dated of January 8, 2008.

LEGAL EFFECT

Article 11. This Instruction is put in force as of the date of its publication in the Brazilian Official Press, rendered valid as from August 2, 1999.

Original signed by

FRANCISCO DA COSTA E SILVA

Chairman