

**FULL TEXT OF CVM RULE No. 391 OF JULY 16, 2003, INCORPORATING AMENDMENTS MADE BY CVM RULE No. 435/06, 450/07, 453/07, 496/11 and 498/11.**

Provides about the incorporation, operation and management of Equity Investment Funds.

**THE CHAIRMAN OF THE BRAZILIAN SECURITIES COMMISSION - CVM** makes public that in a meeting held on July 14, 2003, and considering the provisions of sections 2, item IX; 8, item I; and 19 of Law n<sup>o</sup>. 6385, of December 7, 1976, the CVM's Officers Committee **RESOLVED** to pass the following Rule:

CHAPTER I

SCOPE AND PURPOSE

**Section 1.** This Rule provides about the incorporation, management and operation of Equity Investment Funds.

CHAPTER II

INCORPORATION AND CHARACTERISTICS

**Section 2.** An Equity Investment Fund (fund), incorporated as a close-ended condominium, is a communion of resources for the acquisition of shares, debentures, warrants, or other securities convertible into or exchangeable for shares issued by privately and/or closely held corporations, participating in the decision-making processes of the invested company, with effective influence in the definition of its strategic policies and management, particularly by appointing members of the invested company's Board of Directors.

¶1 Whenever the fund decides to invest resources in companies that are or may be involved in recovery and restructuring processes, it shall be allowed to pay up the fund's shares in goods or rights, including credits, provided that such goods and rights are related to the recovery process of the invested company and that their value is based on an appraisal report prepared by an expert company.

¶2 The fund participation in the decision-making processes of the invested company may occur:

I – by holding shares of the controlling block;

II – through the execution of a shareholders' agreement, or also;

III – through the execution of other arrangements or procedures which guarantees the fund's effective influence in the determination of strategic policies and management.

¶3 The fund's bylaws shall provide the criteria to be observed in determining which publicly held corporations may be objects of the fund's investment.

¶4 The closely held corporations mentioned in the lead paragraph of this section shall comply with the following corporate governance practices:

I – prohibition to issue Profits Participation Certificates (*Partes Beneficiarias*) and the inexistence of such securities in the market;

II – establishment of an unified term of office of one (1) year to all the members of the Board of Directors;

III – to make available agreements with related parties, shareholders' agreements and option plans for the acquisition of shares or other securities issued by the invested company;

IV – resolve corporate disputes through arbitration;

V – in case the invested company goes public, it shall be bound, before the fund, to join a special listing segment of a stock exchange or organized over-the-counter market which guarantees at least the differentiated levels of corporate governance practices provided in the items above; and

VI – annual audit of its financial statements by independent auditors registered with CVM.

**¶15** The investment in the fund may be made by means of an investment commitment whereby the investor is bound to pay up the amount of the committed capital as the fund's manager calls for payments, pursuant to periods, decision processes and other procedures established in the respective investment commitment.

**¶16** The fund's denomination shall contain the expression "Equity Investment Fund" (*Fundo de Investimento em Participações*) not being allowed to add to the fund's denomination any names or expressions that may lead to a misinterpretation of its purposes, investment policy or target public.

**Section 3.** The operation of the fund is dependent upon its prior registration with CVM.

**Section 4.** The registration shall be granted automatically upon the filing of the following documents with CVM:

I – incorporation documents and the full text of its bylaws in 3 (three) counterparts duly countersigned and signed, with a certificate proving their registration with a registry of deeds and documents;

II – manager's statement that it has executed the agreements mentioned in ¶4 of section 9, where appropriate;

III – statement specifying the name of the independent auditor;

IV – information on the maximum and minimum numbers of shares to be placed, their issuance price, all costs incurred in the placement and other relevant information concerning the placement;

V – marketing material used in the placement of the fund's shares, including the prospectus, if any;

VI – any additional information which comes to be provided to potential investors;

VII – brief description of the qualification and professional experience of the manager's and portfolio manager's technical bodies, if any, in performing back office management or portfolio management.

**Section 5.** Pursuant to the regulations issued by the CVM concerning securities investment funds, only qualified investors may invest in the fund, with a minimum subscription amount equal to R\$100,000.00 (one hundred thousand Reais).

**Section 6.** The Equity Investment Fund's bylaws shall provide:

I – the maximum term for pay up the shares comprising the initial minimum equity required for the fund's operation, counting from date of its registration with the CVM;

II – the manager's qualification and, if applicable, the portfolio manager's qualification;

III – the investment policy to be adopted by the manager, indicating the assets that may compose the fund's portfolio and an explanation about any eventual risks related to portfolio concentration and illiquidity of such assets;

IV – the rules and deadline for capital calls, subject to the provisions of the investment commitment executed by the subscriber;

V – the rules and criteria to determine the deadlines for making the investments mentioned in section 2, counting from each capital payment, as well as for the refund of the paid up capital or the extension of such deadlines, in case the investment is not made within the provided term;

VI – the procedure for the eventual execution of new investment commitments, as well as detailed criteria related to the valuation of shares to be acquired after the initial subscription;

VII – the admission and/or exit fees to be paid by the fund's shareholders and the criteria for determining them;

VIII – the methodology for determining the accounting value of the assets owned by the fund, including the criteria for provisioning and for investment termination;

IX – the manager's remuneration or the criteria to determine it, which may include a management fee and a performance fee;

X – the information to be provided to the fund's shareholders, how often it will be provided and its form of disclosure;

XI – the fund's expenses and charges;

XII – the amortization possibilities, indicating their respective conditions, subject to the provisions of Chapter VI hereof;

XIII – the powers of the general meeting of shareholders, the criteria and requirements to call such meetings and to pass resolutions;

XIV – the fund's term and the conditions for its eventual extension;

XV – the indication of any possible conflicts of interest;

XVI – decision-making process for the fund to make investments and disinvestments;

XVII – existence, composition and operation of a consulting committee, an investments committee, a technical committee and any other committee, if any;

XVIII – the rules for replacing the manager;

XIX – the destination to be given to the rights resulting from assets comprising the fund's portfolio, including, without limitation, incomes, dividends, interest on net equity and the form of distribution or reinvestment of such rights;

XX – the events of winding-up of the fund;

XXI – the possibility of usage of goods and rights, including securities, in the amortization of shares, as well as in the winding-up of the fund, providing detailed and specific criteria for the adoption of such procedures; and

XXII – the end of the fiscal year.

¶1. The fund is prevented to transact with derivatives, except when such transactions are entered into exclusively for hedging purposes.

¶2. The maximum term specified in item V of this Section for capital calls occurring on or after May 12<sup>th</sup>, 2011 shall not exceed the last business day of the second subsequent month following the initial date defined for the payment of the shares.

**Section 6-A.** The fund shall hold at least 90% (ninety per cent) of its equity allocated in the assets provided in Section 2.

¶1. The percentage referred to in this Section 6-A is not applicable:

I – during the investment period, as set forth in Section 6, item V, and ¶ 2, for each capital payment in accordance with the investment commitment; and

II – to funds that started operating before May 12<sup>th</sup> 2011 and that, after this date,:

- a. did not make new capital calls; or
- b. made capital calls with the exclusive purpose of paying expenses of the fund.

¶2. The administrator shall immediately communicate the CVM, after having exceeded the term set forth in ¶1, item I of this Section, the occurrence of the non-compliance with the general asset allocation rules and limits established herein, with the required explanation for the non-compliance and also immediately communicate the CVM when the non-compliance is cured by the administrator.

¶3. For the purpose of verifying compliance with the general asset allocation rules and limits set forth in this Section, the administrator shall add to the assets identified in Section 2 the resources:

I – to be used for the payment of the fund's expenses, limited to 5% (five per cent) of the subscribed capital;

II – resulting from fund disinvestments:

- a. during the period between the date of the actual receipt of the resources and the last business day of the second subsequent month following such receipt of resources whenever these resources are reinvested in assets set forth in Section 2;
- b. during the period between the date of the actual receipt of the resources and the last business day of the subsequent month following such receipt of resources whenever these resources are not reinvested in assets set forth in Section 2; or
- c. during the period that the resources are used to guarantee the transaction entered into with the buyer of the disinvested asset;

III – invested in federal government bonds in order to guarantee financial

agreements for infrastructure projects entered with official financial institutions.

¶4. If the administrator fails to comply with the general asset allocation rules set forth herein for a period exceeding the term for investments to be made, in accordance with Section 6, item V and ¶2, it shall, within 10 (ten) business days counting from the end of term for making the investments,:

I – comply with the general asset allocation rules set forth herein; or

II – return the resources that exceed the limit established herein to shareholders that had paid the shares in the last capital call in the proportion paid by them, without any additional income or compensation.

**Section 7.** The following acts related to the fund shall be informed to CVM within up to 8 (eight) days counted from their respective passed resolutions in a general meeting:

I – changes to the fund's bylaws;

II – replacement of the manager;

III – consolidation;

IV – merger into;

V – spin-off;

VI – winding-up; and

VII – placement of new shares.

¶1 Passed resolutions on any of the matters specified in items I to VI of this section shall only be effective from the date of the filing, with the CVM, of the minutes of the respective general meeting containing the full resolutions and the consolidated bylaws, if applicable.

¶2 The placement of new shares is dependent upon prior registration with the CVM.

¶3 The registration shall be granted automatically upon the filing with the CVM of the documents mentioned in section 4 hereof, items IV through VI.

**Section 8.** In their marketing material, Equity Investment Funds shall highlight the risks resulting from the concentration and possible illiquidity of assets comprising the portfolio.

## CHAPTER III

### MANAGEMENT

**Section 9.** The fund's management shall be performed by a legal entity duly authorized by the CVM to practice securities management activity.

¶1 The legal entity mentioned in the lead paragraph of this section shall appoint the officer or managing shareholder responsible for representing the fund before the CVM.

¶2 The manager's and portfolio manager's functions may be exercised by the same qualified legal entity and the manager may retain a third party also duly entitled to practice securities management activity to manage the fund's portfolio.

¶3 The fund's manager and portfolio manager shall be liable for losses caused to its shareholders in case of fault or willful misconduct or of breach of the law, the rules issued by CVM and the fund's bylaws.

¶4 If the fund's management is not carried out by a financial institution member of the securities distribution system, the manager shall retain an institution duly entitled to provide shares distribution and treasury services, such as:

I – opening and operation of bank accounts on behalf of the fund;

II – receipt of resources upon the issuance or payment of shares, payment of amortization or redemption of shares by the fund, or upon the fund's winding-up;

III – receipt of dividends and any other income;

IV – financial settlement of all of the fund's transactions.

¶5 The institutions retained to render the services mentioned in the previous paragraph shall be liable for the losses caused to the fund's shareholders in case of fault or willful misconduct or of breach of the law, the rules issued by CVM and the fund's bylaws.

**Section 10.** The manager shall have the power to exercise all the rights inherent to the securities in the fund's portfolio, including the rights of action and of attending and voting in general and special meetings, and it may delegate such powers to the portfolio manager, wholly or partially.

¶1 Whether the manager or the portfolio manager shares with a board or a committee the decisions inherent to the composition of the investment portfolio including, without limitation, decisions relating to the acquisition and sale of assets in the fund's portfolio, the procedures relating to the sharing of such decisions shall be clearly exposed in the bylaws.

¶2 The members of the board or committee shall inform the manager, and the manager shall inform the shareholders, about any circumstances which causes them to be potentially or actually in a situation of conflict of interests with the fund.

**Section 11.** The manager may resign the management of the fund by prior notice of at least 60 (sixty) days addressed to each shareholder of the fund and to CVM.

**Section 12.** In the usage of its legal duties, the CVM may disqualify the manager pursuant to the rules governing the practice of securities management activity.

**Section 13.** In the events of resignation or disqualification of the manager, it shall immediately call a general meeting to elect its substitute, which shall take place within 10 (ten) days. Shareholders holding at least 5% (five per cent) of the issued shares, in any case, or the CVM, in case of disqualification, may also call such general meeting.

¶1 In case of resignation, the manager shall carry on exercising its duties until its actual replacement.

¶2 In case of disqualification, the CVM may appoint a temporary manager until the election of the new one.

## CHAPTER IV

### OBLIGATIONS OF THE MANAGER

**Section 14.** The manager's obligations include the following:

I – to keep, at its own expenses, the below listed documents updated and in perfect order, for 5 (five) years after the termination of the fund:

- a) the register of shareholders and of transfers of shares;
- b) the book of minutes of general meetings;
- c) the book of shareholders' attendance;
- d) the archive with the auditor's opinions;
- e) the records and accounting statements related to the transactions accomplished by the fund and to its equity;
- f) the documents related to the fund's transactions.

II – to receive dividends, bonuses and any other income or amounts assigned to the fund;

III – to pay, at its own expenses, the costs with advertisement of the fund;

IV - to pay, at its own expenses, any punitive fines imposed by the CVM under the terms of the current legislation due to delays in complying with the deadlines herein provided;

V – to prepare an opinion concerning the fund's transactions and results, including a statement that the provisions hereof and the fund's bylaws were respected, together with the semiannual and annual accounting statements;

VI – to provide shareholders which hold, individually or collectively, at least 10% (ten per cent) of the issued shares, if so requested, with investment studies and analyses, prepared by the manager or the portfolio manager, which justify the resolutions passed by the general meeting, including the appropriate records containing the justifications for the recommendations and the respective resolutions;

VII - to provide shareholders which hold, individually or collectively, at least 10% (ten per cent) of the issued shares, if so requested, with updates of the studies and analyses prepared by the manager or the portfolio manager, in a way to allow the follow up of the investments made, the reached objectives, the return perspectives and the identification of possible actions to maximize the fund's results;

VIII – in case CVM initiate administrative proceedings, to keep the documents mentioned in item I of this section until the end of such proceedings;

IX – to exercise or to cause the exercise of all rights inherent to the equity and the activities of the fund;

X – to transfer to the fund any benefit or advantage that it may reach due to its condition of manager of the fund;

XI – to hold the fungible securities belonging to the fund's portfolio in custody with a custodian entity authorized by the CVM to the exercise such activity;

XII – to prepare and to disclose the information provided in Chapter VIII hereof;

XIII – to execute shareholders' agreements relating to companies in which the fund holds

investments, on behalf of the fund;

XIV – comply with the resolutions passed by the general meeting;

XV – comply and ensure compliance with all provisions of the fund's bylaws.

**Sole Paragraph.** Whenever information is requested under items VI or VII of this section, the manager may submit such request to prior review by the general meeting of shareholders, in view of the fund's and other shareholders' interests and any conflicts of interest related to technical knowledge and the companies in which the fund has invested. The shareholders requesting the information shall be prevented from voting in such general meeting.

## CHAPTER V

### GENERAL MEETINGS

**Section 15.** The shareholders general meeting is exclusively responsible for the following:

I – annually review the accounts related to the fund and to pass a resolution by 30 June of each year on the financial statements submitted by the manager;

II – amend the fund's bylaws;

III – to pass a resolution on the dismissal or replacement of the manager and on the choose of its substitute;

IV – to pass a resolution on the consolidation, merger, spin-off or winding-up of the fund;

V – to pass a resolution on the issuance and placement of new shares;

VI – to pass a resolution to increase the manager's fees, including the participation in fund results;

VII – to pass a resolution on the extension of the fund term;

VIII – to pass a resolution on changes in the required quorum for a general meeting be duly constituted and to pass resolutions;

IX – to pass a resolution on the formation, membership, organization and operation of the fund committees and councils; and

X – to pass a resolution, when appropriate, on shareholders information requests, subject to the provisions set out in the sole paragraph of section 14 hereof.

¶1 The fund bylaws may be amended, regardless of a general meeting or consultation to shareholders, whenever such amendment results exclusively from the necessary compliance with CVM express requirements, as a result of legal or regulatory guidelines and, in this case, a notice shall be given to shareholders within 30 (thirty) days.

¶2 Resolutions of shareholders' general meetings shall be passed by votes representing the majority present in the meeting, except those resolutions mentioned in items II, III, IV, VI, VII, VIII and IX of this section. Item V of this section will also be an exception if there is no provision for the issuance and placement of new shares; if such provision does not exist, the issuance and placement of new shares shall be approved by the quorum pre-established in the fund bylaws.



**Section 16.** General meetings shall be called according to the provided in the fund bylaws, with at least 15 (fifteen) days in advance, and the call notice shall describe the matters to be discussed and voted.

¶1 Regardless the call notice referred to in this section, a general meeting will be duly constituted when all shareholders are present.

¶2 General meetings may be called by the manager or by shareholders representing no less than 5% (five per cent.) of the fund issued shares.

¶3 The fund bylaws may provide that general meeting resolutions may be passed through a formal consultation procedure.

**Section 17.** Only shareholders registered in the "Registry of Shareholders" or in the deposit account, as the case may be, at least 3 (three) days prior to the general meeting, are allowed to vote.

**Section 18.** The shareholders, their legal representatives and their legally appointed attorneys-in-fact shall be qualified to attend general meetings and to vote through the formal consultation procedure.

Sole Paragraph. Shareholders may also vote through written or electronic notice, provided that it shall be received prior to the meeting, subject to the provisions set out in the fund bylaws.

**Section 19.** Each share gives the right to one vote in shareholders general meetings.

¶1 The bylaws may permit the existence of one or more classes of shares, assigning special political rights to specified matters.

¶2 The bylaws may assign different economic-financial rights to one or more classes of shares, exclusively in relation to management and performance fees and their respective calculation basis.

## CHAPTER VI

### ISSUANCE, PLACEMENT, Negotiability and amortization

**Section 20.** Equity Investment Funds shares shall correspond to notional fractions of their net equity and shall be nominative.

¶1 The ownership of nominative shares shall be presumed by the registration of the shareholder in the "Registry of Shareholders" or by the deposit account created on behalf of the shareholder.

¶ 2 On the subscription of the shares the manager shall require evidence of the qualification provided in section 5.

**Section 21.** The statement of the deposit account shall contain the number of shares, or its fractions, that belongs to the shareholder, in accordance with the Equity Investment Fund records.

**Section 22.** The investment commitment, subscription, issuance and capital payment shall comply with the terms, conditions and values provided in the fund bylaws.

¶1 When joining a fund, the investor shall sign the Investment Commitment Agreement

together with the manager and two witnesses.

¶2 The Investment Commitment Agreement shall provide that, during the term of the fund, capital calls will occur, to which the investor will be obliged, according to the provisions set out in such Agreement, whose penalties the investor will be subject to.

¶3 On the capital payment subscribers shall receive a payment receipt in respect to such capital payment, as provided in the fund bylaws and in the Investment Commitment Agreement. The receipt shall be certified by the manager or by the institution authorized to process the subscription of and capital payments for the shares.

¶4 The subscription list shall contain:

I – name and details of the subscriber;

II – number of subscribed shares; and

III – subscription price, total amount to be paid up by the subscriber and the term therefor.

¶5 Subscription may be done through a letter to the manager, subject to the provisions of this section.

**Section 23.** The values received from capital payments shall be deposited at a commercial bank, on behalf of the fund, and shall be invested as provided in the fund bylaws, subject to the provisions of section 9.

**Section 24.** There shall be no redemption of shares.

**Section 25.** The fund bylaws shall clearly establish the criteria for shares amortization.

**Section 26.** The FIP shares may only be traded on stock exchanges or on organized over-the-counter markets:

I – when distributed by means of a public offering duly registered with CVM;

II - when distributed by means of a public offering using limited selling efforts, in accordance with applicable rules and regulations;

III – when the shares are already admitted to be traded on stock exchanges or on organized over-the-counter market.

¶1. The FIP shares that do not qualify under any of the items I through III may nevertheless be traded on stock exchanges or on organized over-the-counter market if they have been previously submitted to a listing registration, by means of the presentation of a offering memorandum, in accordance with the applicable rules and regulations.

¶2. For the purposes of item III of this Section, only class of shares already admitted to be traded on stock exchanges or on organized over-the-counter market may be traded in case of a fund:

I – that received financial support from development finance institutions;

II – that sets forth distinct and special political rights in its bylaws;

III – that sets forth distinct economic rights exclusively regarding the managing and performance fees, and respective formula to calculate these fees, in its

bylaws.

¶13. The financial intermediary will be responsible for ensuring that purchasers of shares are qualified investors.

## CHAPTER VII

### CHARGES OF THE FUND

**Section 27.** In addition to the remuneration provided in item IX of section 6, the following expenses will be considered charges of the fund:

I – fees and commissions payable for the acquisition and sale of securities for the fund portfolio;

II – federal, state or municipal fees, tax or contributions applicable or which become applicable upon the assets, rights and obligations of the fund;

III – expenses related to the print, issuance and publication of reports, forms and periodicals provided in this Rule or in the related regulations;

IV – expenses with correspondences in the interests of the fund, including notices to shareholders;

V – fees and expenses of the auditors in charge of the annual audit of the fund's financial statements;

VI – legal fees and related costs and expenses incurred in the defense of the fund interests, whether in court or out of court, including the value of the fund condemnation, if applicable;

VII – possible losses not covered by insurance policies and which do not result from manager's negligence or fault in the exercise of his duties;

VIII – insurance premiums, as well as any other expenses related to the transfer of fund resources between banks;

IX – any expenses related to the incorporation, merger, spin-off or winding-up of the fund, and to the execution of general meetings, within the limits provided in the fund bylaws, which may be modified by general meetings;

X – custody fees of the securities in the fund's portfolio; and

XI – expenses related to the engagement of third parties to provide legal, tax, accounting and consulting services, within the limits provided in the fund bylaws, which may be modified by general meetings.

¶1 Any expenses which are not considered as charges of the fund shall be borne by the manager, except when otherwise decided in a general meeting.

¶2 The manager may establish that part of the managing or performance fee shall be paid directly by the fund to services providers that have been subcontracted by the manager, provided that the sum of such parts shall not exceed the total amount of the managing or performance fee determined in the fund bylaws.

## CHAPTER VIII

## FINANCIAL STATEMENTS AND OTHER INFORMATION ON THE FUND

**Section 28.** Equity Investment Funds shall have their own bookkeeping, and their investments, accounts and financial statements shall be segregated from those of the manager, the custodian and the depository.

**Section 29.** The rules applicable to the preparation of the fund's financial statements shall be provided in the fund's bylaws. CVM Rule no. 305 of May 5, 1999 shall apply on a subsidiary basis where it does not contain provisions to the contrary.

**Sole Paragraph.** The fund's financial statements prepared at the end of each fiscal year shall be audited by an independent auditor registered with the CVM.

**Section 30.** Upon joining an Equity Investment Fund the investor shall be provided, compulsorily and free of charge, with the documents below:

I – copy of the fund's bylaws;

II – brief description of the qualification and professional experience of the manager's technical bodies, in performing back office management or portfolio management;

III – document clearly providing all the expenses with commissions or subscription, distribution or other fees to be borne by the investor;

**Section 31.** The fund manager shall disclose to all shareholders and to CVM any relevant act or event relating to the fund.

**Sole Paragraph.** The information mentioned above shall not include confidential information relating to issuers of securities that are in the fund's portfolio, and which were obtained by the manager with a confidentiality obligation or as a result of its regular duties as a member of the management or consulting bodies of such an issuer.

**Section 32.** The fund manager shall provide to the CVM, via the Documents Provision System available on CVM's website and in the form available therein, and to the shareholders, the information below:

I – On a quarterly basis, within 15 (fifteen) days after the end of each quarter in a calendar year:

a) value of the net equity of the fund; and

b) number of issued shares.

II – On a semester basis, within 60 (sixty) days after the end of such period:

a) portfolio composition, specifying the number and types of securities therein contained;

b) financial statements of the fund with the statement mentioned in item V of section 14;

c) obligations charged to the fund pursuant to the provisions of section 27, specifying their amount; and

d) list of institutions in charge of providing custody services in relation to the securities in the fund's portfolio.

III – On an annual basis, within 90 (ninety) days after the end of the fiscal year:

- a) financial statements of the fiscal year with the independent auditor's opinion;
- b) equity value of each share of the fund at the closing date of the financial statement, and its profitability in the period; and
- c) obligations charged to the fund pursuant to the provisions of section 27, specifying their amount and their percentage vis-à-vis the average annual net equity of the fund.

**Section 33.** [REVOKED by CVM Rule no. 435 of 05 july 2006]

**Section 34.** Information provided or any marketing materials of the fund shall not be contrary to its bylaws or reports filed with the CVM.

**Sole Paragraph.** Should the wording of an advertisement contain incorrect or improper information which may induce an investor to an error of judgment, the CVM may require that corrections and the necessary clarifications be broadcast/published with the same emphasis in the media used to divulge the original advertisement, expressly disclosing that the information is being republished under a determination of the CVM.

## CHAPTER IX

### PROHIBITIONS

**Section 35.** The manager is forbidden to do the following, directly or indirectly, on behalf of the fund:

I – receive deposits into current accounts;

II – borrow or lend money, save as permitted by the CVM;

III – give guarantees, aval, acceptances, or otherwise be a surety;

IV – trade bills and promissory notes, save those mentioned in CVM Rule no. 134 of 1 November 1990, or other instruments which are not authorized by the CVM;

V – promise a predetermined profit to the shareholders;

VI – invest money:

a) abroad;

b) to purchase real estate assets; and

c) to subscribe or purchase shares issued by itself.

**Section 36.** Except when approved by the majority of shareholders in a general meeting, the fund is forbidden to invest money in securities issued by companies in which the following persons hold a stake:

I – the manager, the portfolio manager, members of any committees created by the fund and shareholders representing 5% (five per cent.) of the fund's equity, their shareholders and relevant spouses, individually or collectively, hold more than 10% (ten per cent.) of the voting capital or of the entire share capital;

II – any of the persons mentioned in the item above who:

a) are directly or indirectly involved in the structuring of a financial transaction for the issue of securities to be subscribed by the fund, including as placement agents, managers or guarantor/security provider; or

b) are members of the board of directors, consulting committee or fiscal committee of the company who is issuing securities to be subscribed by the fund, prior to the first investment carried on by the fund.

**Sole Paragraph.** Except when approved by the majority of the shareholders, the fund is equally forbidden to enter into transactions in which it is the counterparty to the persons mentioned in item I of this clause or to other investment funds or securities portfolios managed by the manager or the portfolio manager, if any.

## CHAPTER X

### FINAL AND PROVISORY PROVISIONS

**Section 37.** It is permitted to incorporate fund of funds to invest in shares issued by Equity Investment Funds and Emerging Companies Investment Funds, which shall be named Funds of Equity Investment Funds.

**Sole Paragraph.** Funds of Equity Investment Funds shall invest no less than 90% (ninety per cent.) of their equity in shares issued by Equity Investment Funds and Emerging Companies Investment Funds.

**Section 38.** The manager who does not provide to CVM the information required under this Rule shall be subject to a daily fine in the amount of R\$200.00 (two hundred Reais) applicable by the first business day following the deadline for fulfillment of the obligations, without prejudice to the application of the penalties provided in section 11 of Law no. 6385 of 1976.

**Section 39.** Managers of close-ended Securities Investment Funds and Emerging Companies Investment Funds may call shareholders general meetings of the funds under their management in order to promote their re-registration as an Equity Investment Funds or Funds of Equity Investment Funds.

**Sole Paragraph.** The approval of the re-registration mentioned in the lead paragraph of Section 39 shall require the qualified quorum provided in the fund's bylaws and shall be immediately notified to the CVM.

**Section 40.** The non-compliance of the provisions of sections 6; 7; 8; 10, ¶1 and 2; 11; 14, items II, III, IV, V, XI, XII, XIV; 15, ¶1; 16; 19; 22, an its lead paragraph and ¶4; 24; 25; 26; 28; 30; 32; 34; 35; and 39, sole paragraph is an event subject to summary administrative proceedings.

**Section 41.** For the purposes of section 11, ¶3, of Law no. 6385 of 1976, breaches to the rules contained in the following sections are deemed gross breaches: sections 2, ¶2, 3 and 4; 3; 5; 6-A, ¶2 and ¶3, 7, ¶2; 15, items I and VIII; 31; and 36.

**Section 42.** This Rule shall come into full force and effect 30 (thirty) days following the date on which it is published in the Union's Official Gazette.

*Original signed by*

**LUIZ LEONARDO CANTIDIANO**

**Chairman**