

**LEGAL OPINION CVM # 32, DATED SEPTEMBER 20, 2005**

***The use of the Internet in  
securities offerings and  
intermediation of operations.***

The objective of the present legal opinion is to clarify the understanding of the Securities and Exchange Commission of Brazil as to the characterization (i) of a securities public offering, when the Internet is used as media, based on the interpretation of article 19, §3rd, III of Law # 6.385/76, and (ii) of the performing of activities subject to the authorization of the Securities and Exchange Commission of Brazil, when the activity is carried out through the Internet, in compliance with art. 16 of the same law.

The problem of the Internet use in the securities market is directly related to the offering of securities issued in other countries and the provision of securities trading services with Brazilian residents by foreign intermediaries. In addition, the use of the Internet also includes offerings and activities in the securities market entirely performed in Brazil by local agents.

It should also be noted that the offering of securities issued in other countries and the intermediation of securities for Brazilian residents, by foreign intermediaries, even if not utilizing the Internet, may be subject to the authorization of the Securities and Exchange Commission of Brazil.

For these reasons, this Commission has decided to treat the use of the Internet and the registration of offerings and intermediaries separately, in legal opinions issued on the same date (in addition to this Legal Opinion, # 33/05).

These two legal opinions shall be read jointly, always when it is intended to comprehend the understanding of this Commission regarding the securities offerings and the performing of activities subject to the authorization of the Securities and Exchange Commission of Brazil itself, when the Internet is used as a media (i) between an intermediary based abroad and investors, either resident, domiciled or incorporated in Brazil, or (ii) for an securities offering abroad to those investors.

1. Securities Public Offering and the Internet.

The use of the Internet as a way to inform the public of a securities offering, usually characterizes it as a securities public offering, as provided for by subparagraph III of § 3rd of art. 19 of Law # 6.385/76, since the Internet allows indiscriminate access to information published by means thereof. This understanding is already part of art. 3rd, IV, of Instruction 400/05.

Thus, unless preventive measures are taken or special situations are confirmed, previous registration with the Securities and Exchange Commission of such offerings is necessary in compliance with the *caput* of article 19 of Law # 6.385/76.

Among the preventive measures and the special situations that can be considered for the mischaracterization of a securities public offering through the Internet, are the following:

(a) effective measures taken by the information provider of the Internet page to hinder the general public from having access to the page content;

(b) absence of page disclosure to the public by the sponsor of the Internet page by means of non-solicited electronic mail (spam), in search mechanisms, chat rooms, through advertisement on Internet pages or magazines, etc.; and

(c) existence of direct or indirect, but sufficiently clear, indication that the page was not created for the general public.

All facts listed above do not have to occur simultaneously to mischaracterize as a securities public offering made through the Internet. Other factors different from the ones expressly mentioned above may be necessary for the characterization of a securities public offering.

The Securities and Exchange Commission of Brazil will investigate the configuration of securities public offering made through the Internet from an analysis of the concrete case.

## 2. Performing of Activity Subject to the Authorization of the Securities and Exchange Commission of Brazil and the Internet.

Along the same lines, the use of the Internet for mediation and brokerage of operations with securities, distribution of issuances in the market or for the exercise of activity for the purpose of acquisition of securities to resell them for one's own account (subparagraphs I to III of art. 16 of Law 6.385/76) is dependent on the previous authorization of the Securities and Exchange Commission of Brazil for the exercise of the activity.

Approved by the Board in a meeting dated September 28, 2005.

**MARCELO FERNANDEZ TRINDADE**

**Chairman of the Board**