



ANBIMA Code
of Regulation
and Best Practices

**on the Trading of
Financial Instruments**

CHAPTER I - PURPOSE AND SCOPE

Article 1 - The objective of this Code of Regulation and Best Practices (“Code”) is to establish the parameters that shall govern the activities exercised by Participating Institutions upon the trading of Financial Instruments referred to in Paragraph 1 herein, for purposes of:

- I. Enabling transparency in the development of activities;
- II. Standardizing practices and procedures;
- III. Promoting credibility and proper performance of transactions; and
- IV. Maintaining the highest ethical standards and legitimating the institutionalization of equitable market practices.

Paragraph 1 - The purpose of this Code is the trading of fixed-income instruments and securities, as well as the performance of structured transactions based on derivatives, accepted for registration in systems or in registering houses and/or settling houses where assets included in the Brazilian Payment System (“Financial Instruments”) are transacted.

Paragraph 2 - The following are exceptions to Paragraph 1 herein:

- I. Tradings on exchange markets; and
- II. Public offerings of Financial Instruments.

Article 2 - Observance of this Code is mandatory on Participating Institutions, so considered the institutions affiliated to the Brazilian Financial and Capital Markets Association – ANBIMA which exercise any of the activities under Paragraph 2 herein, as well as on institutions which, although not affiliated, expressly adhere hereto upon execution of the relevant Adhesion Agreement, always in strict observance of the terms under Article 4 below.

Paragraph 1 - Participating Institutions shall clearly mention the specific activities which, among those listed in Paragraph 2 of this Article, are exercised by it, and in the event of simultaneous exercise of more than one activity, all the activities shall be mentioned herein, without possibility to opt for only one of them.

Paragraph 2 - This Code encompasses the trading of Financial Instruments in primary or secondary markets, by means of telephone or electronic communication system, on trading desks of Participating Institutions belonging to the Brazilian Financial System (“Activities”).

Paragraph 3 - The phrase “trading desk” includes the areas where professionals purchase, sell and/or facilitate the trading of Financial Instruments.

Paragraph 4 - Where this Code refers to Traders, it means all the professionals engaged in purchasing, selling and/or facilitating the trading of Financial Instruments, even if not physically exercising their activities on the trading desk.

Article 3 - Participating Institutions subject to the regulatory and supervisory action of the Brazilian Monetary Board (“Conselho Monetário Nacional”), the Brazilian Central Bank and the Brazilian Securities and Exchange Commission (“CVM”) expressly agree that proper performance of their activities goes beyond the mere observance of legal and regulatory rules applicable to them, in that they shall also observe the procedures laid down in this Code.

Sole Paragraph - This Code shall not supersede the prevailing legislation and regulations, even if new rules contrary to the provisions of this Code are enacted following effectiveness hereof. In the event of conflict between the rules of this Code and any legal or regulatory rules, the respective provision of this Code shall be disregarded, without prejudice to the other rules hereunder.

CHAPTER II - ADHESION

Article 4 - Non-member institutions wishing to adhere to this Code shall first undergo a process for the analysis of requirements, which shall be conducted by ANBIMA's Executive Board, as stated in the ANBIMA Bylaws and website.

Paragraph 1 - The adhesion process under the main clause herein shall be deemed effective upon the favorable opinion expressed by a simple majority of members of the Board of Regulation and Best Practices for the Trading of Financial Instruments ("Board of Regulation and Best Practices"), in that the institution may opt to execute a Compliance Agreement ("Compliance Agreement") whereby it undertakes to fully comply with the minimum requirements stated in this Code or determined by the Board of Regulation and Best Practices.

Paragraph 2 - The Compliance Agreement may be executed by the respective institution, at the sole discretion of the Board of Regulation and Best Practices, in the event of a curable impossibility to comply with all the minimum requirements provided for in the main clause herein.

Paragraph 3 - For purposes of this Code, the institution which agrees to sign the Compliance Agreement shall be deemed a Participating Institution, and failure to comply with the terms and deadlines agreed under said Compliance Agreement shall subject such institution to the penalties imposed hereunder, following proceedings conducted under the ANBIMA Code of Regulation and Best Practices Proceedings.

Article 5 - Participating Institutions which adhere hereto shall adopt their provisions as a statement of principles governing the exercise of the activities under Paragraph 2 of Article 2 herein.

Article 6 - Participating Institutions shall ensure compliance herewith by all persons belonging to their conglomerate or financial group and who are authorized to exercise any of the activities under Paragraph 2 of Article 2 in Brazil. Such undertaking does not amount to an acknowledgment, by Participating Institutions, of any sort of liability assumed, joint and several, or transferred between said institutions. However, all the mentioned entities shall be subject to the rules and principles stated in this Code.

Paragraph 1 - For purposes hereof, an entity is considered to belong to a same conglomerate or financial group if it controls, is controlled by, or is subject to the common control of Participating Institutions.

Paragraph 2 - If any non-member Participating Institution (not affiliated to ANBIMA) intends to cancel its adhesion hereto, it must submit a request therefor by letter addressed to the president of the Board of Regulation and Best Practices. Such request shall only be granted if such Participating Institution has no pending obligations with ANBIMA, including obligations arising from proceedings in respect of its regulation and best practices activities.

Paragraph 3 - In the event of cancellation of any Participating Institution's adhesion hereto, regardless of the reasons for such, it shall communicate such fact to its clients, by means of correspondence against receipt, and such cancellation shall only be deemed to be effective following submission of proof, to ANBIMA, of the sending of such correspondence, in that ANBIMA shall also be entitled to announce such fact on its communication channels.

Article 7 - Participating Institutions shall pay to ANBIMA a periodical maintenance rate ("Maintenance Rate") to cover ANBIMA's costs in the supervising activities related hereto, in that ANBIMA's Executive Board shall stipulate both the time-period and the amount of said Maintenance Rate, which may be annually reviewed.

CHAPTER III - GENERAL RULES

Article 8 - In the trading of Financial Instruments, Participating Institutions may not fail to pay for the transactions hired.

Article 9 - Participating Institutions shall always be liable for the deals concluded by their respective Traders, and ensure observance of the trading practices provided for in this Code and in all other applicable rules.

Article 10 - Participating Institutions shall adopt the following prudent practices, without prejudice to due observance of other applicable legal and regulatory standards or even of rules that may contribute to the security of the transactions hereunder:

- I. devise a business continuity plan, duly updated and documented, which provides at least for (i) an alternative environment for the processing in situations involving contingences, with adequate equipment and systems whose versions are identical to those applied at the principal place of processing, and which is not located at the same premises as the principal place of processing, (ii) access to data and information stored at locations and premises other than the principal place of processing, and which allow for activation and continuity to process activities, (iii) contact plan with key persons for activation of the plan and (iv) evidence of plan activation tests conducted every twelve (12) months;
- II. define information security norms designed to assure the integrity and confidentiality of the information, as well as review and monitoring thereof, at least every twelve (12) months, which shall provide for: (i) control of physical access to the trading desk; and (ii) control of access to systems and directories;
- III. maintain a credit area independent of the treasury area (or of the area responsible for the trading desk, for non-banking institutions), with duties that include the granting of numerical limits and deadlines for transactions implying the position of creditor to third parties;
- IV. disclose credit limits to Traders involved in the trading, preferably by electronic system, so as to ensure observance thereof in the course of trading;
- V. nominate or appoint, on the trading desks, persons responsible for directing and controlling transactions;
- VI. adopt parameters connected with values and rates relative to funding transactions that may be conducted, and established, preferably, by the treasurer area (or the area responsible for the trading desk, for non-banking institutions) or the pricing area, if any;
- VII. maintain a risk-management area independent of the treasury area (or the area responsible for the trading desk, for non-banking institutions), with such duties as setting and monitoring limits of exposure to risks, to which Participating Institutions may be subject;
- VIII. implement policies and controls for cases of conflict of interests;
- IX. Prepare internal norms and procedures relative to the trading of Financial Instruments;
- X. Manage the course of transactions in the respective systems/houses, including as regards intra-day liquidity; internal controls; and compliance with the time-limits for registration and settlement stipulated by the rules of each system/house; and
- XI. keep records of the whole flow of transactions involving the trading of Financial Instruments, including as regards the registration and settlement of transactions.

Article 11 - The Participating Institutions shall state, through accreditation, the training or declaration by the responsible person, that their Traders:

- I. are aware of the legislation and regulation applicable to the transactions and to the trading activities conducted by them, as well as of the internal rules governing their functions and duties;

- II. maintain high ethical standards of conduct in all activities developed by them, as well as in their relations with clients and other participants in the financial market, regardless of the environment in which these activities are developed; and
- III. maintain updated knowledge of matters connected with the financial market.

Sole Paragraph - Participating Institutions shall devise rules applicable to situations in which their Traders trade Financial Instruments for individual purposes, by providing for, at least:

- I. limits to day-trade transactions;
- II. the Financial Instruments included;
- III. minimum term to remain in a given position;
- IV. formalization for purchase and sale; and
- V. internal mechanisms of control.

Article 12 - Participating Institutions shall keep the Traders' record of personal data duly updated with ANBIMA, pursuant to the specific Resolution made by the Board of Regulation and Best Practices, whenever the Association so requests.

Sole Paragraph - Participating Institutions shall arrange for their Traders to be formally informed of the content of this Code.

Article 13 - Participating Institutions must adopt:

- I. telephone recording and monitoring system on their trading desks, where the respective records are maintained for five (5) years;
- II. an electronic system for registration of transactions (electronic file) or mechanic registration (manual file) containing all data necessary for the correct identification of the transaction hired, including the identification of the counterpart and the Trader's name, and also arranging for these registrations to be made immediately following the contracting of the deals and transactions; and
- III. formal communication channels which contemplate the detailed transaction, whenever it involves assets or non-standardized and/or low-liquidity Financial Instruments.

Paragraph 1 - Participating Institutions shall inform their Traders of the existence of a telephone recording system.

Paragraph 2 - Participating Institutions shall formalize the terms for use of the telephone records (registrations made), including restricted access only to a limited number of authorized persons, as well as the time-period for the monitoring thereof.

Paragraph 3 - The telephone records are deemed to be valid evidence in Proceedings of Regulation and Best Practices.

Paragraph 4 - The provision of item III herein does not apply in the event of proven troubles on the trading desk's telephone system.

Paragraph 5 - Participating Institutions shall maintain, for five (5) years, internal records containing information justifying the contracting of final trading of federal bonds at a rate above the maximum limit or below the minimum limit considering the respective indicative range provided by ANBIMA, whose reference is the date of the trading, for the respective maturity traded.

CHAPTER IV - TRADING RULES TO BE APPLIED ON TRADING DESKS

Article 14 - Participating Institutions shall make sure that their Traders, upon performance of the transactions hereunder:

- I. identify and communicate in a clear and concise manner, so as to avoid that the parties make mistakes;
- II. inform the trading terms, such as quantity, rate or reference, as the case might be, and the term or maturity, also as the case may be, upon observance of the peculiarities of each market;
- III. transact only through the communication channels on their trading desks;
- IV. exceptionally use certain communication channels other than those in the previous item, provided that the transactions be immediately reported to the trading desks, so that they be reflected in the internal systems of the Participating Institutions, thereby observing the limits and other restrictions previously established;
- V. avoid using procedures that may characterize artificial conditions of supply and demand and any fraudulent transactions, regardless of the environment where they take place; and
- VI. act in accordance with the standards of behavior provided for herein.

Sole Paragraph - Where the Trader has the intention to obtain information only on a given market situation, without implementing any trade, said Trader shall explicitly clarify this circumstance from the outset.

Article 15 - In negotiations made on trading desks, the parties involved (Traders, among others) shall act in accordance with the generally accepted practices and standards, including those provided for in a Specific Resolution made by the Board of Regulation and Best Practices.

Paragraph 1 - A transaction shall be deemed to be irreversibly and irrevocably hired when the parties reach an agreement on the terms of the deal.

Paragraph 2 - In the event any parameter needs to be altered following conclusion of the deal, both parties shall agree thereon, subject to both the terms of this Code and the applicable legislation.

Paragraph 3 - Should any parameter conflict with the practices and standards set out in the main clause, this must be clearly and objectively reported, and approved by both parties.

Paragraph 4 - In brokerage transactions, the institution making the proposal, at the moment of the transaction, and the facilitating institution, at the time of the contact between the parties, must clearly state whether such transaction refers to odd lots.

Paragraph 5 - In the event of any faults in the transactions implying odd lots, by the Participating Institution proposing such fragmentation, this latter shall be liable for the full completion of said transaction.

Article 16 - In offerings involving bonds issued by or in charge of the National Treasury, one shall observe not only the rules and conditions of the applicable laws and regulations, but also the rules set out in the relevant call notices.

Section I - Electronic Trading Systems

Article 17 - Participating Institutions operating in electronic trading systems shall observe and comply with all the rules and procedures set forth by the relevant systems' managers.

Article 18 - Participating Institutions shall ensure that electronic transactions be made by Traders having the qualification, skills and experience needed to operate the system, upon due observance of all rules, manuals and other documents issued by the manager of the electronic trading system.

Article 19 - The electronic trading system shall be adopted properly, so as to avoid any operation mistakes.

Section II - Facilitation Practices

Article 20 - Participating Institutions shall be deemed to be facilitators when operation thereof is intended to put into contact parties interested in concluding any of the deals and/or transactions provided for by this Code.

Article 21 - Participating Institutions acting in the capacity of facilitators shall exercise their functions in due observance of the principles demanding secrecy of identity of the principal and of its transactional strategy, as well as in strict compliance with the terms stipulated by the principal.

Article 22 - Participating Institutions may provide call services, which consist in the offering of purchase, sale or exchange of spreads for Financial Instruments, centralized by facilitating institutions, at predetermined times and maturity dates.

Article 23 - Facilitating institutions providing call services shall:

- I. formalize and disclose the rules applicable to such services, which shall be reviewed and updated as needed;
- II. ensure transparency and equal treatment between market players; and
- III. immediately following completion of the transaction, send to ANBIMA the final prices of the services.

Section III - Procedures for the Matching, Communication and Settlement of Transactions

Article 24 - Participating Institutions shall:

- I. ensure that the transactions be entered into the several systems/houses following hiring thereof;
- II. avoid accumulation of orders very close to the time-limits for registration and settlement as stated in the rules of each systems/houses.

Article 25 - Participating Institutions shall arrange for transactions entered into authorized registration systems which, for any reason, have been rejected, to be immediately re-entered in the same conditions as originally agreed, unless otherwise agreed between the parties.

Sole Paragraph - Failure to comply with the provision of the main clause herein represents a breach of the duty to honor the transactions hired, under Article 8 herein.

Article 26 - Participating Institutions must ensure the entering of any and all completed transaction into a registration system (input), also guaranteeing that the respective input is verified with the respective counterpart in the areas responsible for such function.

Sole Paragraph - Participating Institutions must count at least on one Trader with powers to, if necessary, correct transactions or deals presenting pending actions.

CHAPTER V - RULES FOR TRADING WITH CLIENTS

Article 27 - Participating Institutions shall maintain their relationships with clients upon observance of the following:

- I. exercise the degree of care and diligence that any prudent or honest person exercises in managing their own businesses;
- II. instruct the client on the intended investment, thus avoiding any practice that may induce the client into mistake, and refrain from using any sort of deceptive advertising;
- III. take procedures that ensure transparency of the essential features of the transaction;
- IV. clearly expose, before completion of the transaction with the client, any conditions or restrictions applicable to the respective Financial Instrument, upon requesting, if necessary, the client's statement of awareness ("statement of awareness");
- V. refrain from expressing their opinion in such a manner that harms, disparages or derogates the image of Participating Institutions or of any other person belonging to the Financial System, either affiliated to ANBIMA or not;
- VI. avoid remarks on investments transferred to other institutions, regardless of their being Participating Institutions or not, unless as otherwise obliged for technical or ethical reasons;
- VII. refuse to facilitate the trading of investments deemed to be illegal or which present evidence of illegality;
- VIII. refrain from obtaining undue benefits to itself or to others;
- IX. protect the client's interests even if to the detriment of their own interests; and
- X. invest or operate with clients' assets or values only upon express request or authorization therefor.

Sole Paragraph - Always subject to the rules herein, the Board of Regulation and Best Practices shall issue specific resolutions on (i) the negotiation of derivatives over the counter, especially as regards determination of the product's suitability for the client's profile; and (ii) performance of private operations with Bank Credit Bills ("CCBs").

CHAPTER VI - UNIFIED TRADING REGISTRY (“REUNE SYSTEM”)

Article 28 - The unified trading system is established (“REUNE System”) in order to allow for more transparency and reference in the pricing of fixed-income securities, and to foster the trading thereof in the Brazilian secondary market.

Sole Paragraph - The REUNE System shall enable access, in a centralized manner and within a short time-period, to information on the reference of prices applied to fixed-income securities.

Article 29 - Participating Institutions shall register the information with the REUNE System whenever they facilitate the definitive purchase and sale of fixed-income securities to their clients or when they make such transactions to their own portfolio.

Sole Paragraph - The REUNE System consists in the electronic registration of information concerning price or price reference (rate), approximated quantity or volume, time of execution, identification of the counterpart (exclusively if the party is a Participating Institution), identification of the type of transaction (intragroup or extra-group) and identification of the fixed-income securities traded.

Article 30 - Participating Institutions shall have a deadline of no more than one (1) hour, from the execution of the transaction, to register information thereon with the REUNE System.

Paragraph 1 - If the parties to a transaction are Participating Institutions, both shall perform the electronic registering of the information with the REUNE System, under the terms of this Chapter.

Paragraph 2 - If one of the parties to a transaction is not a Participating Institution, only this latter shall make the electronic registering of the transaction with the REUNE System, under the terms of this Chapter.

Paragraph 3 - Participating Institutions may authorize service providers and entities engaged in managing organized securities markets to send, in its name, the information to the REUNE System.

Paragraph 4 - For purposes of the term stipulated in the main clause herein, one shall consider as the time of the transaction the moment where the transaction was closed between the parties.

Paragraph 5 - Proof of the transaction by Participating Institutions shall be made through the issuance of electronic input or manual input, under item II of Article 13 herein, in that each of them shall contain the record of the date and time of the issuance.

Article 31 - Disclosure of information registered with the REUNE System shall be made by ANBIMA on a daily basis, and in at least four (4) predetermined time-intervals during the day and informed on its communication channels.

Sole Paragraph - The disclosure shall mention the references of minimum, medium and maximum prices for each asset, as well as the volume range of the transactions registered with the REUNE System.

Article 32 - Only debentures shall be the object of registration with the REUNE System, unless specific resolution is otherwise taken by Board of Regulation and Best Practices.

Sole Paragraph - The Board of Regulation and Best Practices may, through specific resolution, as regards the REUNE System:

- I. establish other securities to be the object of registration;
- II. extend or reduce the deadlines for registration of information; and
- III. change the registered information’s disclosing intervals.

Article 33 - ANBIMA's Executive Board may charge a rate for the registering information with the REUNE System.

Article 34 - Failure to send information, or sending of information in arrears to the REUNE System shall incur the pecuniary penalty under item I, Paragraph 1 of Article 55, and the Board of Regulation and Best Practices may issue specific guidelines on the imposition of pecuniary penalty in these cases.

CHAPTER VII - CALCULATION CRITERIA

Article 35 - Participating Institutions shall demand compliance, by their Traders, with the calculation criteria (expression of rates, rounding ups, settlement dates and appropriation of interests) stipulated in the prevailing regulation issued by the Brazilian Central Bank and by CVM, in the regulations governing the authorized systems of registration and/or settlement and in specific Resolution taken by the Board of Regulation and Best Practices.

Sole Paragraph - Without prejudice to the provision above, Participating Institutions shall demand compliance, by their Traders, with the peculiarities (forms of expression and criteria) of each market.

Article 36 - Institutions opting for not using the calculation criteria under the specific Resolution made by the Board of Regulation and Best Practices shall explain such condition at the moment of the transaction.

CHAPTER VIII - PROVIDING OF INFORMATION

Article 37 - Participating Institutions requested by ANBIMA to disclose prices of the assets and Financial Instruments herein provided shall furnish such information to ANBIMA on a regular basis, so as to allow this latter to disclose the greatest amount of consistent information and statistics possible about transactions, thereby allowing for more transparency to transactions performed in the markets included in this Code.

Paragraph 1 - ANBIMA shall not disclose any information or statistics informing the source used, except in the following situations: when so authorized by the very institutions participating in the sample; and if such information is demanded by Court Order.

Paragraph 2 - The information sent to ANBIMA by Participating Institutions, for purposes of pricing, shall reflect, in a trustworthy manner, their expectations as to the spreads observed and prices deemed fair for trading purposes, and also in accordance with the methodology set out in any specific Resolution made by the Board of Regulation and Best Practices.

CHAPTER IX - SUPERVISING AREA FOR THE TRADING OF FINANCIAL INSTRUMENTS

Article 38 - The Supervising Area for the Trading of Financial Instruments (“Supervising Area”) shall be made up of ANBIMA’s employees and undertakes to:

- I. Supervise compliance, by Participating Institutions, of the rules hereunder, including suitability of documents and conducts relative to the performance of Activities, including by means of on-site supervision at Participating Institutions, upon the preparation of the relevant report, as the case may be, especially in the event of any suspected violation hereof;
- II. Receive, upon observance of the terms stated in this Code, notices reporting violation of the rules herein against Participating Institutions, and prepare specific report thereon;
- III. Prepare reports on the documents and/or procedures adopted in the exercise of the Activities;
- IV. Send a letter of recommendation to the Participating Institutions, as it deems fit, under the terms stated in the Code of Proceedings and Best Practices; and
- V. Send to the Monitoring Commission for the Trading of Financial Instruments (“Monitoring Commission”) the reports referred to in items I to III herein, so that the applicable actions be taken.

Paragraph 1 - The reports referred to in items I and II herein shall bring an analysis of said facts by the Supervising Area and, as applicable, the advisable recommendations.

Paragraph 2 - In the exercise of its duties, the Supervising Area may demand that the Participating Institutions provide it with written information and clarifications.

Article 39 - The Supervising Area is subordinate to the Monitoring Commission, which shall provide instructions to it by establishing the relevant guidelines that shall govern its activities.

CHAPTER X - MONITORING COMMISSION FOR THE TRADING OF FINANCIAL INSTRUMENTS

Article 40 - The Monitoring Commission shall:

- I. Be informed of, analyze and approve the reports prepared by the Supervising Area;
- II. Send to the Board of Regulation and Best Practices, following relevant analysis, the reports prepared by the Supervising Area;
- III. Provide instructions to the Supervising Area, which shall also be assigned tasks, in all aspects necessary for achievement of the objectives set out herein; and
- IV. Request additional explanations, information and clarifications on the observance of norms and principles set out in this Code.

Article 41 - The Monitoring Commission shall be made up of twelve (12) members, of which one shall be the president, one the vice-president, nominated by the Monetary Policy, Treasury Products and Market Committees and appointed by ANBIMA’s Executive Board among reputable and honest individuals renowned for their knowledge of the operations governed by this Code.

Paragraph 1 - The term of office of the Monitoring Commission members shall be for two (2) years, reappointment being allowed.

Paragraph 2 - The members of the Monitoring Commission shall be vested in their respective positions by ANBIMA's president upon execution of the relevant instruments of appointment.

Paragraph 3 - The members of the Monitoring Commission shall remain in their positions until new members take office.

Paragraph 4 - In the event of vacancies, ANBIMA's Executive Board shall appoint, pursuant to the nomination made by the Commission of the Committees referred to in the main clause herein, a new member to complete the remaining term of office.

Article 42 - The Monitoring Commission shall meet ordinarily every two (2) months and extraordinarily, whenever needed, at its president's call.

Sole Paragraph - The meetings of the Monitoring Commission shall be presided over by its president or, in his absence, by its vice-president, or by any other member appointed by the Commission, in that the supervising manager shall exercise the function of secretary.

Article 43 - The meetings of the Monitoring Commission shall be incepted on first call with the presence of, at least, five (5) members.

Paragraph 1 - If a *quorum* is not reached on first call, the meeting of the Monitoring Commission shall be incepted, on second call, thirty (30) minutes following the time set for the meeting, with the presence of at least three (3) members.

Paragraph 2 - If a *quorum* is not reached on a second call, a new meeting of the Monitoring Commission shall be convened by its president.

Article 44 - The resolutions of the Monitoring Commission shall be taken by a majority vote of the members present at the meeting.

Paragraph 1 - In the event of a tie upon the taking of resolutions by the Monitoring Commission, the matter shall be subject to the Board of Regulation and Best Practices, which shall resolve thereon.

Paragraph 2 - The members of the Monitoring Commission may declare themselves disqualified (due to impediment) to vote on the Commission's resolutions.

Paragraph 3 - The members of the Monitoring Commission with interests in the matters on the agenda may claim disqualification of any member (due to impediment) to vote resolutions subject to the Commission.

Paragraph 4 - The declaration and claim for disqualification (due to impediment) referred to in Paragraphs 2 and 3 herein shall be duly justified, which shall be examined by the president of the Monitoring Commission. In the absence of the president, the vice-president shall be in charge thereof.

Article 45 - The members of the Monitoring Commission shall not be remunerated for their functions.

CHAPTER XI - BOARD OF REGULATION AND BEST PRACTICES FOR THE TRADING OF FINANCIAL INSTRUMENTS

Article 46 - The Board of Regulation and Best Practices shall:

- I. Be informed of and analyze the reports sent to it by the Monitoring Commission;
- II. Initiate, always upon justification, as set out in the Code of Proceedings, the proceedings involving breach of the terms of this Code;
- III. Hear and decide, under one single level of jurisdiction, the proceedings referred to in item II herein, and imposing the applicable penalties;
- IV. Govern the use of trademarks and other symbols relative to the regulation and best practices concerning the Trading of Financial Instruments;
- V. Issue resolutions (“Resolutions”);
- VI. Issue guidance opinions (“Guidance Opinions”);
- VII. Decide on requests for dismissal of any proceedings and/or requirement provided for herein;
- VIII. Request that the Participating Institutions provide additional explanations, information and clarifications on the observance of the rules and principles set out in this Code;
- IX. Introduce new supervising mechanisms to be adopted by the Supervising Area;
- X. Analyze due compliance with the minimum requirements provided for under Chapter 1 of this Code; and
- XI. Approve execution of a Compliance Agreement between ANBIMA and the Participating Institutions, in order to implement the prerequisites for adhesion hereto.

Paragraph 1 - The resolutions shall be binding on the Participating Institutions, the object of which shall be the interpretation and clarification of the rules of this Code.

Paragraph 2 - The Guidance Opinions and letters of recommendation shall not be binding, since they constitute mere recommendations.

Paragraph 3 - The Resolutions and Guidance Opinions shall be announced on ANBIMA’s communication channels.

Article 47 - The Board of Regulation and Best Practices shall be made up of twenty (20) members, of which one shall be the president, another the vice-president, named under Paragraphs 1 and 2 herein, and appointed by ANBIMA’s Executive Board among reputable and honest individuals renowned for their knowledge of the operations governed by this Code.

Paragraph 1 - The members of the Board of Regulation and Best Practices shall be appointed as per the following criteria:

- I. Six (6) of its members shall be named by ANBIMA’s Executive Board, chosen among professionals engaged in the activities that are the object of this Code;
- II. Twelve (12) of its members shall be named by other institutions engaged in the Activities governed hereby chosen by ANBIMA’s Executive Board; and
- III. The president and vice-president of the Monitoring Commission shall be members as of right of the Board of Regulation and Best Practices, with no right to vote.

Paragraph 2 - The president and vice-president of the Board of Regulation and Best Practices shall be appointed by ANBIMA’s Executive Board.

Paragraph 3 - The term of office of the members of the Board of Regulation and Best Practices shall be for two (2) years, reappointment being allowed.

Paragraph 4 - The members of the Board of Regulation and Best Practices shall be vested in their respective positions by ANBIMA's president upon execution of the relevant instrument of appointment.

Paragraph 5 - The members of the Board of Regulation and Best Practices shall remain in their respective positions until new members take office.

Paragraph 6 - In the event of vacancies, new members shall be appointed to complete the terms of office, under Paragraph 1 herein.

Article 48 - The Board of Regulation and Best Practices shall meet ordinarily every six (6) months and extraordinarily, whenever needed, at its president's call, or within no more than fifteen (15) days, whenever a report is sent to it by the Monitoring Commission recommending the opening of proceedings.

Paragraph 1 - The regular meetings of the Board of Regulation and Best Practices shall be called by its president or by its substitute, under the terms of this Code.

Paragraph 2 - meetings of the Board of Regulation and Best Practices shall be presided over by its president, and the supervising superintendent shall exercise the function of secretary.

Paragraph 3 - In the absence of the president of the Board of Regulation and Best Practices, the meetings shall be presided over by its vice-president, and in the absence of this latter, by any other member present at the meeting, to be appointed in order of age.

Article 49 - The meetings of the Board of Regulation and Best Practices shall only be incepted with the presence of at least eight (8) of its members.

Sole Paragraph - If the *quorum* under the main clause herein is not reached, the meeting of the Board of Regulation and Best Practices shall be incepted, on second call, thirty (30) minutes following the time set for the meeting, with the presence of at least six (6) of its members.

Article 50 - The resolutions of the Board of Regulation and Best Practices shall be taken by vote of the majority of members present, and the president shall cast the deciding vote, if necessary.

Paragraph 1 - O The president of the Board of Regulation and Best Practices shall not have the right to vote, except in the cases of a tie vote, as provided in the main clause herein. In the absence of the president, the deciding vote shall be cast by the vice-president and in the absence of this latter, to the member substituting him pursuant to the terms of this Code.

Paragraph 2 - The members of the Board of Regulation and Best Practices may declare themselves disqualified (due to impediment) to vote on resolutions of the Board.

Paragraph 3 - Both the members of the Board of Resolution and Best Practices and the Participating Institutions interested in the matters in the agenda may claim disqualification (due to impediment) of any of their respective members to vote on resolutions of the Board of Regulation and Best Practices.

Paragraph 4 - The declaration and claim for disqualification referred to in Paragraphs 2 and 3 herein shall be duly justified and analyzed by the president, who shall be substituted hereunder, should he be absent.

Paragraph 5 - If, by virtue of the substitution rules set out in this Code, the Presidency of the meeting, at that time, is exercised by a member who claims himself disqualified, the decision shall be made by one of the other members present, to be chosen by age.

Paragraph 6 - If, as a result of the declaration or of the claim for disqualification referred to in Paragraphs 2 and 3 herein the 6-member *quorum* is not reached, a new meeting shall be called to resolve on the matter.

Article 51 - The members of the Board of Regulation and Best Practices shall not be remunerated for their functions.

CHAPTER XII - OPENING, PROCEDURES AND ADJUDICATION OF REGULATION AND BEST PRACTICES PROCEEDINGS AND SIGNATURE OF DEED OF UNDERTAKING

Article 52 - The inception, conduction and determination of proceedings, as well as the proposal for execution of any Instrument of Commitment, shall be governed by ANBIMA Code of Regulation and Best Practices Proceedings.

Sole Paragraph - In the event of conflict between the rules of this Code and the rules set forth by the ANBIMA Code of Regulation and Best Practices Proceedings, the rules of this Code shall prevail.

CHAPTER XIII - PENALTIES

Article 53 - Participating Institutions which fail to comply with the principles and norms stated in this Code shall be subject to the following penalties:

- I. admonition by the Board of Regulation and Best Practices, to be announced on ANBIMA's communication channels;
- II. Pecuniary penalty in the amount of up to one hundred (100) times the greatest monthly dues received by ANBIMA; and
- III. Removal from ANBIMA, announced on ANBIMA's communication channels.

Paragraph 1 - The penalty of removal from ANBIMA must be approved by ANBIMA's General Meeting.

Paragraph 2 - For non-members Participating Institutions, the penalty of removal shall be replaced with revocation of the respective Adhesion Agreement to this Code, and such decision may be taken by the Board of Regulation and Best Practices, which shall dispense with approval by ANBIMA's General Meeting.

Article 54 - Whenever the penalties of Article 53 are imposed, the Board of Regulation and Best Practices shall deem any breach of the obligations assumed in the Instrument of Commitment executed under ANBIMA Code of Regulation and Best Practices Proceedings to constitute an aggravating circumstance.

Article 55 - Without prejudice to the other provisions of this Chapter, the Supervising Area may impose pecuniary penalties on Participating Institutions which fail to comply with the deadlines stated in this Code, in that the amount of one hundred fifty Brazilian reais (R\$ 150.00) shall be owed per day during the first thirty (30) days in arrears.

Paragraph 1 - The following events shall subject the as Participating Institutions to the penalties of Article 53 of this Code:

- I. Non-observance of the time-limit for performance of any obligation hereunder for a period equal to or exceeding thirty-one (31) consecutive days; or
- II. Determination, by the Supervising Area, of three (3) situations involving non-observance of the time-limit for performance of any obligation, along a period of twelve (12) months.

Paragraph 2 - The pecuniary penalty under the main clause herein shall also be due in the event of non-observance of the time-limit for compliance with the following events:

- I. Setting a date for the on-site supervision by the Supervising Area;
- II. Payment of the Maintenance Rate; and
- III. Sending of information and clarifications requested by the Market Supervising Area to Participating Institutions, under Paragraph 2 of Article 38.

Paragraph 3 - Should the Supervising Area be unreasonably prevented from conducting the supervision under Article 38, I, herein, the relevant proceedings shall be taken, under the terms of ANBIMA Code of Regulation and Best Practices Proceedings.

CHAPTER XIV - FINAL PROVISIONS

Article 56 - Any amendment to the provisions of this Code may only be made by ANBIMA's Executive Board, upon approval of the General Meeting.

Article 57 - The deadlines referred to in the provisions of this Code shall start running from the first business day following notice of the interested party, and shall end on the expiration date.

Sole Paragraph - If the expiration date falls on banking holidays, Saturdays, Sundays or on days when ANBIMA does not function or when ANBIMA's business hours are reduced, the deadline shall be deemed to be extended until the first subsequent business day.

Article 58 - All of the organizational components mentioned in this Code with respect to ANBIMA, including ANBIMA's employees or representatives appointed by the Participating Institutions or other entities, shall keep in strict confidentiality all the information and documents they may have access to by virtue of their functions.

Article 59 - Adhesion to this Code shall imply adhesion to the ANBIMA Code of Regulation and Best Practices Proceedings, which provides for the conduction of sanctioning proceedings for determination of breaches involving the rules under ANBIMA Codes of Regulation and Best Practices.

Article 60 The deadline for Participating Institutions to adapt to the provisions of this Code, as well as to the new requirements imposed for adhesion hereto, shall be announced on ANBIMA's communication channels.

Article 61 - This Code is effective as of February 1st 2013.