

Remittances – Brazilian regulatory framework

General rules:

1. The counterparty in the operation must be an agent authorized to operate in the foreign exchange market by the Central Bank (please refer to <http://www.bcb.gov.br/?IAMCIFO>).
2. All transaction must be recorded in the Central Bank system. It is required to provide sender and beneficiary names, value of operation and foreign exchanges rates.
3. The legality and economic fundamentals of the transaction are corroborated by documentation.
4. **Operations up to US\$3,000**, or its equivalent in other currencies, don't require presentation of documentation related to the underlying business, but it is maintained the client identification requirement for any value.

REMMITANCE OF MONEY FROM ABROAD TO BRAZIL

The remittance of money from abroad to Brazil may be performed in three different practical and secure ways: by order of payment, by credit card or by postal service. Regardless of the method used, the money sender and the beneficiary are always involved. The sender is the one who is abroad and remits the money. The sender identification should follow the law of the country of remittance. The beneficiary receives the money in Brazil.

Remittance through payment order

Payment order from abroad may be sent in foreign currency or Brazilian real, but it will always be paid to residents in Brazil in reals.

If the payment order is in foreign currency, it will be necessary a foreign exchange operation in Brazil performed by the beneficiary with an institution authorized to operate in the foreign exchange market. The exchange rate can be freely negotiated by the beneficiary and the authorized financial institution.

If the payment order is in domestic currency (real), the foreign exchange operation will be performed abroad, by the sender with an institution abroad. The beneficiary receives the real directly in Brazil, with no need to perform an additional foreign exchange operation within Brazil. In this case, the foreign financial institution shall keep a current account in real, in Brazil, which will be charged for making the payments to the beneficiary.

In both cases, the sender should search for an overseas institution to transfer the money to the beneficiary in Brazil. It is also possible, depending on the legislation of each country, to make remittances from abroad through a non-financial enterprise specialized in external transfers.

In order to avoid setbacks in the sending process, it is recommended the beneficiary to take a few steps in advance, such as:

1. search for a bank authorized to operate in the foreign exchange market in Brazil or, in the case of receiving remittances up to the equivalent of US\$ 3,000, for companies accredited by institutions authorized to operate in the exchange market, near to his residence;

2. inform the person abroad that will remit the money:

- a) full name, residential address, identification document and type of transfer, bank data (agency, bank and account number), if any; and
- b) identification of financial institution in Brazil (number, agency and the bank's identification code used in international transfers).

The sender of the remittance must provide the institution abroad (or bank transferring funds) the data of the beneficiary (full name, residential address, identification document, the bank number, agency and deposit account receiving the funds, if any).

The institution authorized to operate in the foreign exchange market must promptly notify the beneficiary on the receipt of payment order coming from abroad in his/her name, informing him/her that the payment order can be negotiated in full or in installments.

When notified of the arrival of the payment order, the beneficiary, to receive the money, should go to the institution in Brazil authorized to operate in the exchange market or to an associated company.

If the value is less than R\$10,000, the beneficiary may receive it in cash. If not, the receiving will be done only by crediting his account, bank transfer or check.

To receive the money, it is always necessary the beneficiary to present the identification document. In general, the bank will request additional documentation only in the following situations:

- a) payment orders in real above R\$10,000; or
- b) payment orders in foreign currency above the equivalent of US\$ 3,000.

Remittance via credit card

Brazilian banks and the Caixa Econômica Federal may accept remittances of Brazilians who are overseas via credit card issued abroad. The value, in real terms, can be credited in deposit or savings account in Brazil of the sender or other beneficiary, or else be received in cash, directly by the beneficiary, observing the limit in force.

A Brazilian temporarily abroad can open a simplified account in Brazil, through the internet, on the Bank of his choice or in Caixa Econômica Federal. To know the procedures for opening simplified accounts, he should visit the institution of his choice, or its website.

To make these transfers, the sender, abroad, should search for an institution that offers transfer services through credit card.

Remittance by postal service – “Dinheiro Certo” (“Money Sure”)

“Dinheiro Certo” is the international financial transfers service from the post office. Sending and receiving values are made electronically between Brazil and the accredited countries. The sender must attend to the post office where he is abroad, to provide the necessary information. To know the accredited countries, limits, tariffs, terms and other conditions, please visit www.correios.com.br.

Important remark: never negotiate in the parallel market.

Negotiation in the parallel market is illegal and offers risk.

1. There is no guarantee that your money will be delivered in Brazil as agreed with the house operating illegally.
2. Your money is transferred without records and may be mixed up with resources from drug trafficking, arms trafficking and other illegal activities. This may bring undesirable consequences. To avoid problems with foreign authorities, always deal with foreign companies regularly established.

Remember that authorized institutions are systematically monitored by the authorities, which gives more security to the receiving process and delivery of resources and protection for your money.

REMITTANCE OF MONEY FROM BRAZIL TO ABROAD

Unlike foreign payment orders to Brazil, Brazil's payment orders to abroad shall be made exclusively in foreign currency. The exchange rate is freely negotiated by the sender and the institution in Brazil.

To transfer money to the beneficiary abroad, the sender must search for an institution in Brazil. He can make the remittance by means of the institution authorized to operate in the foreign exchange market or, in the case of remits up to the equivalent of US\$ 3,000, through companies accredited by institutions authorized to operate in the exchange market.

You may deliver cash to pay a payment order in amount equivalent up to R\$ 10,000. Above this value, you may perform payment orders only by direct debit in your account, bank transfer or check.

As a sender, you must search for an institution or establishment of your choice and get information on the data required for the remittance. Then, you should demand to the beneficiary this required data, which, then should be informed to the institution in Brazil so that the remittance is made.

As a general rule, the most important data are the identification of institution abroad where the remittance will be delivered, in addition to the beneficiary identification and address.

Summary

Where negotiating in Brazil

Institution authorized to operate in the foreign exchange market: banks, Caixa Econômica Federal, brokers, distributors, consumer finance companies.

Address list: www.bcb.gov.br/?INSTCRED. (only in Portuguese)

For values up to the equivalent of US\$ 3,000, it is also possible to negotiate with any company accredited by institutions authorized to operate in the exchange market.

How to negotiate

The client must go to any of the above agents, which must provide proof of completion of the deal. Client identification is required.

For values up to the equivalent of US\$ 3,000, foreign exchange contract and other documents which are not related to the identification of the client are not necessary.

Brazilian Exchange Market

The Brazilian foreign exchange market includes operations of purchase and sale of foreign currency and transactions in gold as foreign exchange instrument, performed with institutions authorized by Central Bank of Brazil to operate in the foreign exchange market, as well as the domestic currency operations between residents, domiciled or headquartered in Brazil and residents, domiciled or headquartered abroad. It's included in the Brazilian foreign exchange market the operations related to receipts, payments and transfers to and from abroad through the use of international credit and debit cards, as well as international postal money transfers, including postal vouchers and international postal reimbursements.

General rule: individuals and legal entities may purchase and sell foreign currency or perform international transfers in Brazilian reais, of any nature, without amount limits, provided that the trade counterparty is an agent authorized to operate in the foreign exchange market, subject to the legality of the transaction, based on economic fundamentals and with responsibilities defined in the related documentation.

The main legal provisions

- Mandatory use of domestic currency in internal operations:
 - values in domestic currency may not be refuted (Brazilian real is the legal tender);
 - there shall be no business indexation in foreign currency, except for the cases specified by law;
 - foreign currency may not be used for settlement of payments in Brazil;
- Buying and selling of foreign currencies must be done with an institution authorized to operate in the foreign exchange market by the Central Bank;

- Transactions shall be formalized by parts using forms called exchange contracts
- exception: transactions up to US\$ 3,000;
- The credit and debit clearing between the resident in the country and the overseas residents is forbidden;
- Mandatory registration of foreign capital with Central Bank of Brazil;
- The use of payment orders in real from abroad to Brazil is possible.

Legal basis:

- Decree n° 23,258, dated October 19, 1933;
- Decree-Law n° 9,025, dated February 27, 1946;
- Decree n° 42,820, dated December 16, 1957;
- Law n° 4,131, dated September 3, 1962;
- Law n° 4,595, dated December 31, 1964;
- Decree n° 55,762, dated February 17, 1965;
- Decree-Law n° 857, dated September 11, 1969;
- Decree-Law n° 1,060, dated October 21, 1969;
- Law n° 7,766, dated May 11, 1989;
- Law n° 8,880, dated May 27, 1994;
- Law n° 9,069, dated June 29, 1995;
- Law n° 9,613, dated March 3, 1998;
- Law n° 10,192, dated February 14, 2001;
- Law n° 11,371, dated 28 November 2006;
- Law n° 11,803, dated 5 November 2008.

International Capital and Foreign Exchange Market Regulation (RMCCI):

- www.bcb.gov.br/?RMCCI (Portugueses)
- www.bcb.gov.br/?EXCHANGENORMS (English)

Exchange rate - In the Brazilian market the foreign exchange rate is freely agreed between the agents and their customers.