



Brazilian Foreign Exchange Market

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Brazilian Exchange Market – Main legal dispositions

- Mandatory use of domestic currency in internal operations:
 - payments in domestic currency may not be refuted (Brazilian real is the legal tender);
 - forbidden 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.

Brazilian Exchange Market – Main legal dispositions

- Transactions shall be formalized by foreign exchange contracts - exception: transactions up to US\$ 3,000.
- Credit and debt clearing between residents in the country and overseas residents is forbidden.
- Mandatory registration of foreign capital with Central Bank of Brazil – declaratory only.
- Inwards in BRL to Brazil are possible.
- Exports earnings can be maintained abroad.

General rule

- Individuals and legal entities may purchase and sell foreign currency or perform international transfers in Brazilian currency, of any nature, without amount limits.

Forms of payment and receipt

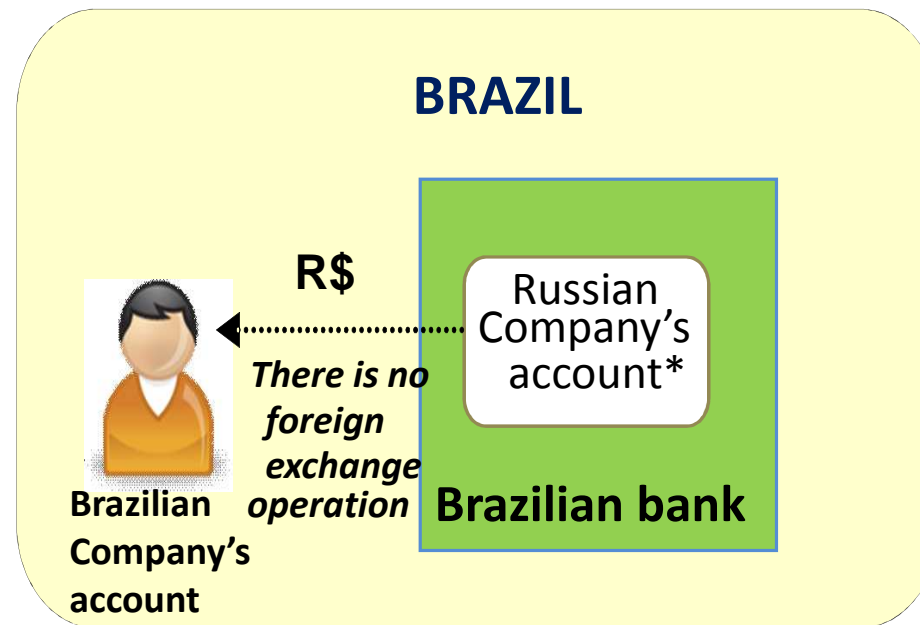
- **In foreign currencies**

- Payment orders
- By “Correios” (postal service)
- By use of international card
- Using available resources abroad

- **In domestic currency**

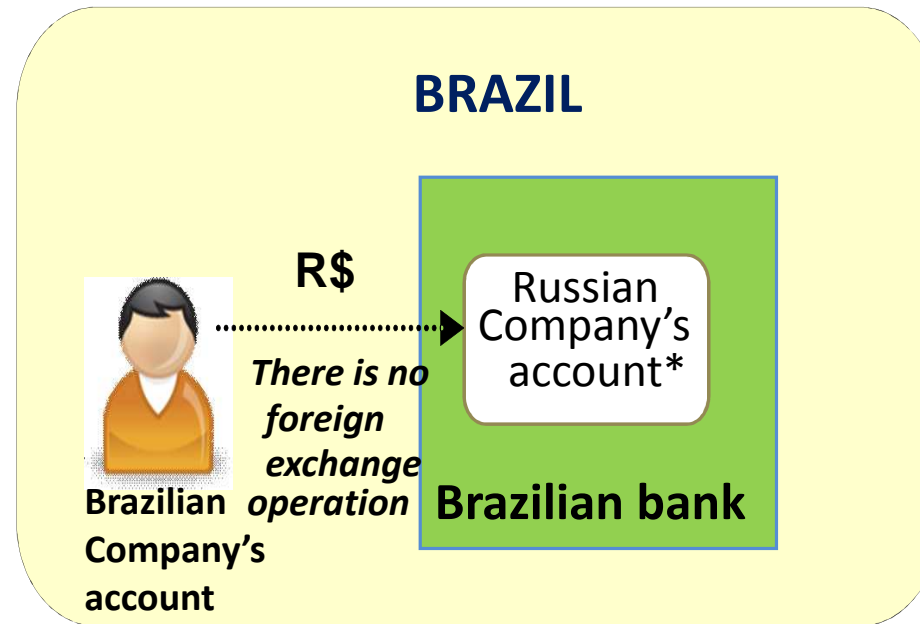
- Debt or credit to an account in Brazil of a non resident (the balances may be freely converted into foreign currency for purposes of remittance abroad. It is prohibited its use for conversion of third-party resources into foreign currency).
- Payment orders in BRL coming from abroad
- In bank notes, when allowed

PAYMENT IN BRL – Non resident account



* Russian company's (e.g. industrial sector) account denominated in R\$

RECEIPT IN BRL – Non resident account



* Russian company's (e.g. industrial sector) account denominated in R\$

INTERNATIONAL TRANSFERS USING INTERNATIONAL BANK CORRESPONDENT

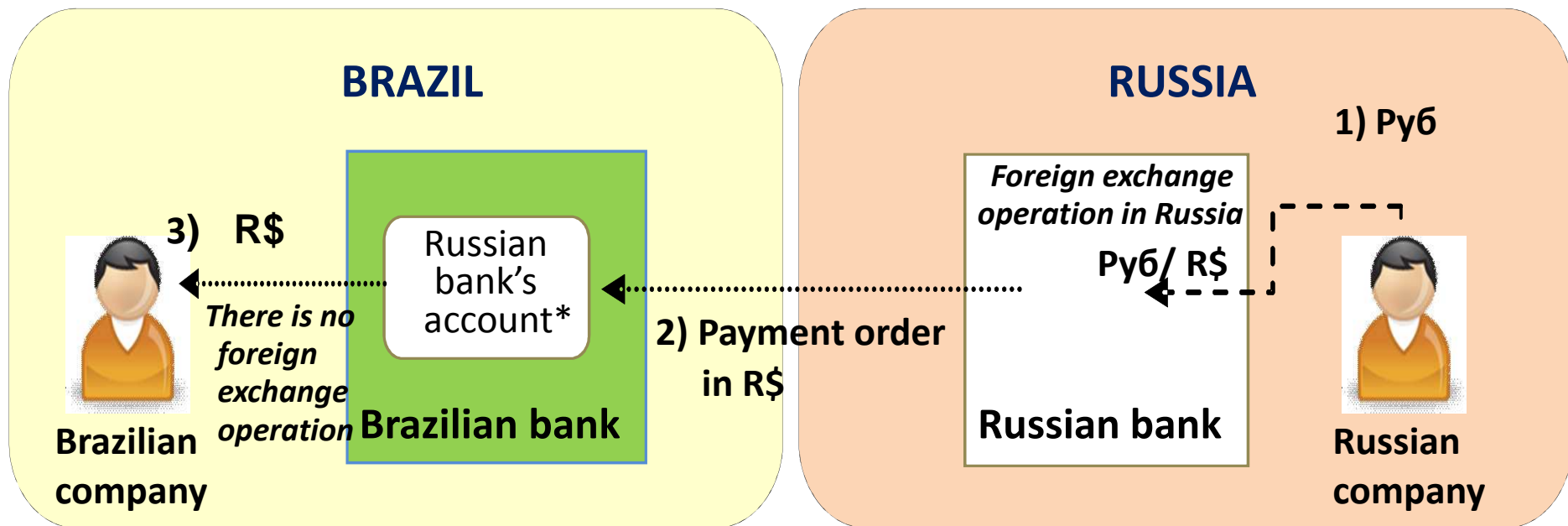
■ **Payment order in BRL from abroad**

- International banking correspondent in BRL (*Vostro* account)
- The conversion to BRL is made abroad
- Foreign bank sends order in BRL to debit an account denominated in BRL hold in Brazil by an international banking correspondent
- The resources in BRL are delivered to the Brazilian beneficiary, without foreign exchange transaction in Brazil.

■ **Current account in BRL**

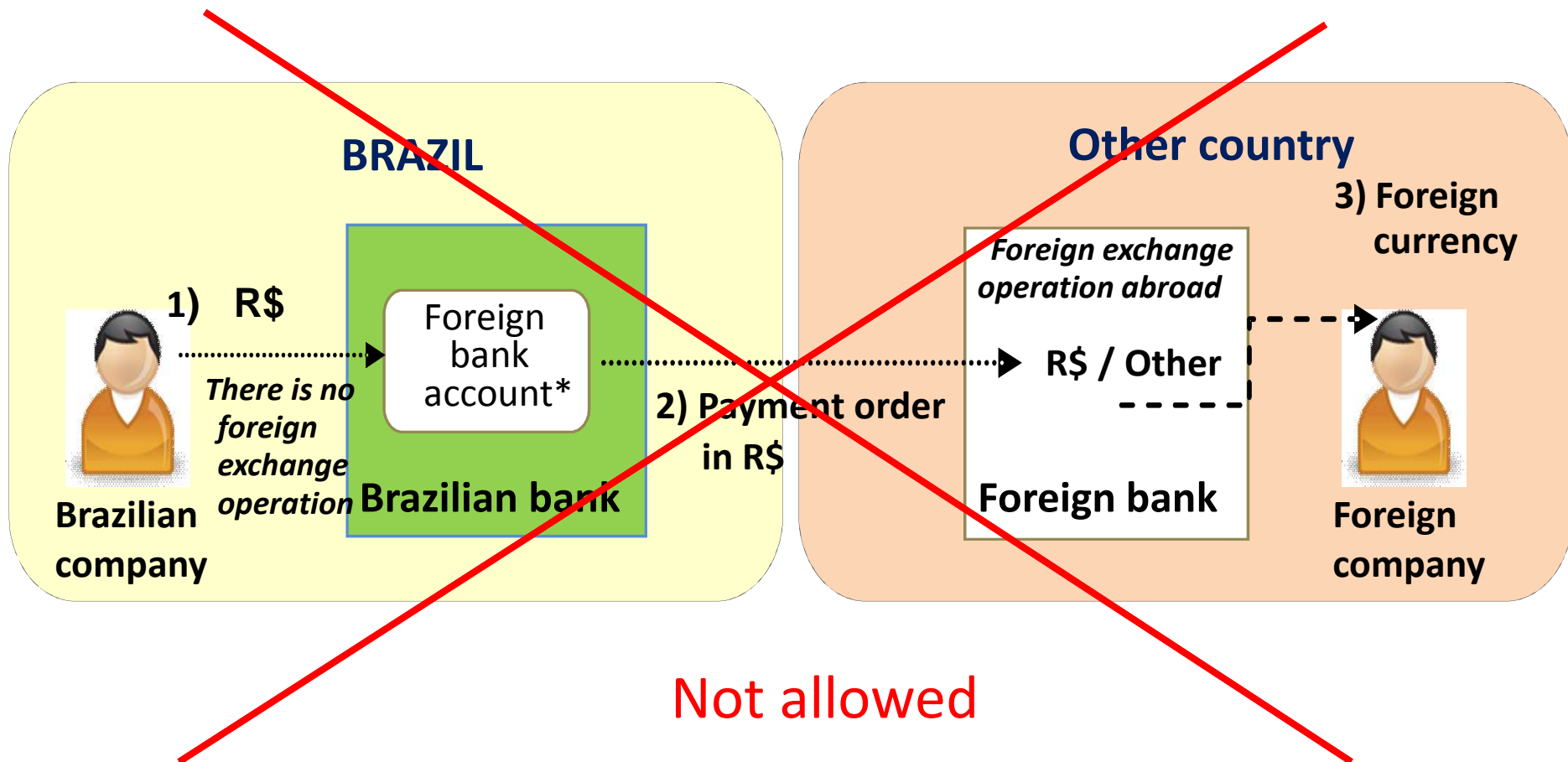
- The balances may be freely converted into foreign currency for purposes of remittance abroad.
- Utilization of such for purposes of conversion of third-party resources is allowed only incoming payment orders

PAYMENT IN BRL – International bank correspondent



* Russian bank's account denominated in R\$

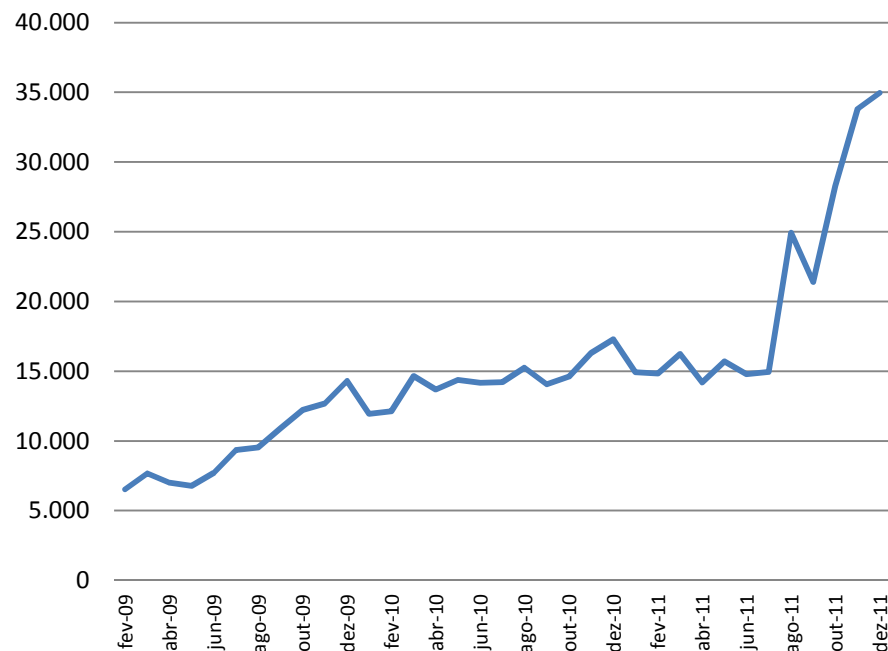
RECEIPT IN BRL– International bank correspondent



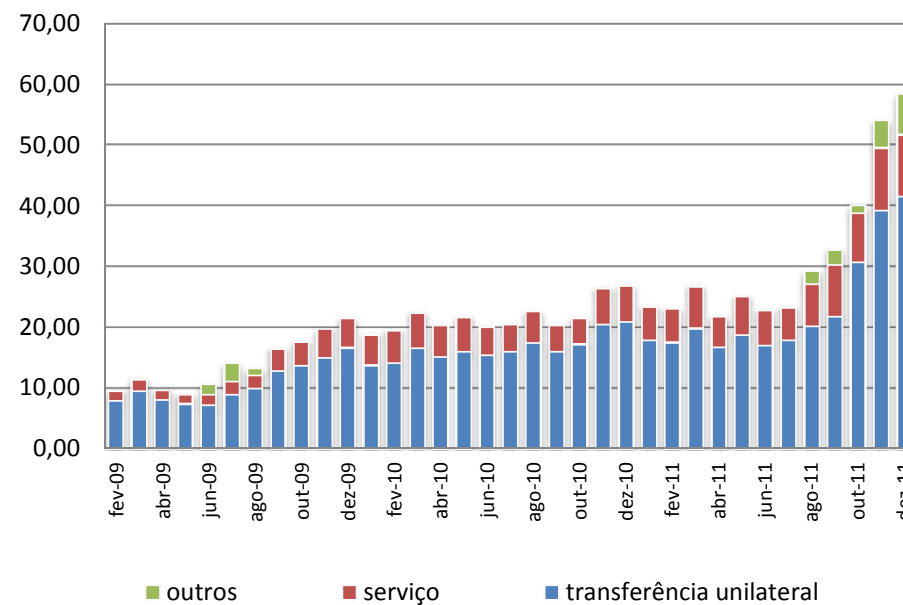
Payment Orders in BRL from abroad

Evolution of operations up to R\$ 10 mil

Quantidade de operações

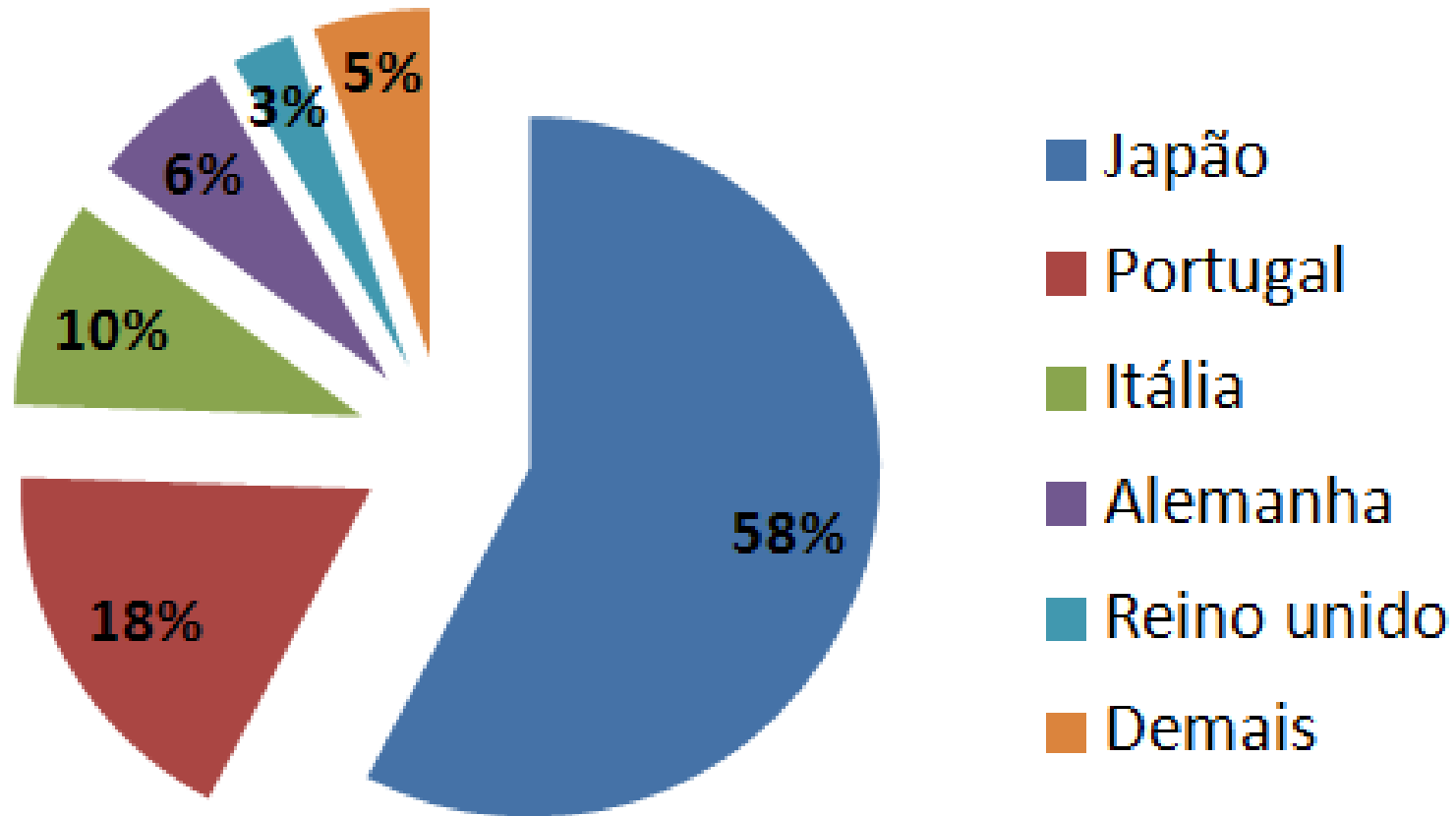


Volume



Payment Orders in BRL from abroad

Country of origin for orders up to R\$ 10 mil



Accounts of Brazilian Companies abroad

- There are no restrictions
- Must be informed to the Central Bank of Brazil
 - CBE - Brazilian Capital Abroad
- Fulfillment of tax obligations
- Exporters: may receive resources abroad and use them to make payments to non residents.

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- The rules about international capital and foreign exchange market are available in English at <http://www.bcb.gov.br/?EXCHANGENORMS>

Thanks!

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