Machado Meyer

CAPITAL MARKETS

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LISTING OF SECURITIES ON DIFFERENT MARKETS – OBSTACLES AND IMPROVEMENTS, by Eliana Ambrósio Chimenti

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The depositary receipts programs may be sponsored, when issued by a sole depository institution appointed by the company issuing the securities that serve as guarantee to the depositary receipts, and in different levels, depending on the trading market, target public and the need for registration of the issuer with the CVm. the unsponsored depositary receipts may be issued by one or more depository institutions, without any agreement with the company issuing the securities underlying the certificates, and shall only be level one - whose main features are: the trading on the unorganized otC market or specific segment for depositary receipts on counter market or stock exchange, exemption from registration with the CVm and the exclusive acquisition by financial institutions, investment funds, portfolio managers and securities' advisors authorized by the CVm (in respect to own resources) and sponsor's employees.

The sponsored bDr programs face some problems such as liquidity, due to exchange regulations that prevented foreign investors from buying shares of the company sponsoring the program in their home country and convert them into bDr. Upon confirming the interpretation that Circular 3525, of February 10, 2011, issued by the Central bank of brazil, allow the conversion of shares into bDr, the programs shall have greater attractiveness and higher liquidity. the unsponsored bDr programs made their debut at bm&Fbovespa in 2010 and their trading is seen with optimism.

Shares issued by brazilian companies are traded abroad both directly and through depositary receipts, as in case of Vale, petrobras, eletrobras, Usiminas and Gerdau, whose shares are traded on the latibex, an international market created in December 1999 exclusively for securities issued by latin American companies.

The trading of depositary receipts of shares issued by brazilian companies on stock exchanges abroad requires the execution of an agreement between the national and foreign stock exchanges, such as the agreement signed between bm&Fbovespa and the hong Kong stock exchange, as regards the listing process of Vale's depositary receipts in China, in addition to the compliance with the requirements of local regulations.

Efforts to promote the liquidity of the bDrs are welcome and an important part of our growing securities market. the execution of new agreements increases the presence of securities issued by brazilian companies abroad. however, one should ask: will these efforts culminate in the existence of a borderless securities market, where shares of publicly-held companies are traded directly in any market?

ENVIRONMENT – roberta Danelon Leonhardt

Focus on solid waste

The issue of solid waste has gained more notoriety in brazil. the recently published law no. 12.305/2010 instituted the national policy on solid waste (Política Nacional de Resíduos Sólidos - pnrs), defining the principles, objectives and instruments for management and integrated management of solid waste, after two decades of debate in Congress. the law applies to individuals or entities, public or private, directly or indirectly responsible for the generation of solid waste and those who develop actions related to integrated management or management of such waste.

The pnrs strengthens the position of brazil before the international community in order to control waste management, in continuity with the obligations agreed under the basel Convention on the Control of transboundary movements of hazardous wastes and their Disposal, signed on march 22, 1989, of which China is

also a signatory.

One of the highlights of pnrs was the creation of the so called reverse logistics, a mechanism that allows the actual collection and recovery of solid waste to the industries, for reuse in their cycle or other productive cycles, or other environmentally sound disposal. the requirement applies to manufacturers, importers, distributors and retailers of batteries, tires, lubricants, fluorescent tubes, and consumer electronics, among others.

Thus, regulations of industry pave the way for strengthened business with Chinese entrepreneurs. especially if one take into account that penalties for improper disposal of solid, liquid and gaseous waste may reach 50 million, plus a ban on activities or work.

A few words about the Chinese legislative system

In 1978, a new legal era has begun with the reform and opening of China. today, the country has 239 laws ruling its activities and ensuring the right to education, health, welfare, employment and equal participation in the socio-political life.

Criminal and Criminal procedure laws, General Civil law and Administrative procedure rules dictate how the government administration should be. the laws for mixed Capital Companies and economic Contracts regulate economic activities. the Antitrust Act forbade state owned companies to leverage market position to exclude competitors. the electoral law eliminates the differences as regards the percentage of voters in the urban and rural areas.

The Administrative procedure rules provide legal assistance to people who want to sue governmental agencies, and the law of property speaks clearly that the country protects equally governmental, collective and private assets.

CHINA DESK

Specialized legal assistance in the growing demands for business with China

"The Chinese culture is known worldwide for its diversity and particular characteristics. it couldn't be different in business, "says Antonio Correa meyer, founding partner of machado meyer. Given this need, the office has created the China Desk, a unit dedicated to relations with this Country.

The office experience stands out in the market by mastering the tools and knowledge of the mechanics of sino-brazilian relationships, covering all areas of business between the two nations - from Agribusiness to oil & Gas. the China Desk has partners and experts in all fields of the business law. that is, the tax nucleus, for example, has professionals focused on observing tax practices specifically related to business in China. the same happens in other fields.
one hallmark of the China Desk in machado meyer is the support of the lawyer tang wei, a consultant on issues related to China. born in beijing, has lived in brazil since 1988, where he joined the law school (Faculdade de Direito do Largo de São Francisco) of the University of são paulo.

The convergence between brazilian legal knowledge and experience of Chinese culture gives machado meyer unique resourcefulness to enable transactions involving the two countries, making communication between the two entities easily and fluently. the partners responsible for the China Desk are the experts in infrastructure Antonio Correa meyer and José Virgílio lopes enei, José prado, a specialist in complex project finance; Flávio meyer and mauro Cesar leschziner, a specialist in m&A; and the tax lawyers Fernando tonani and Celso Costa.

"These are two giants of the global economy that are growing ever closer and having a successful relationship in business," says the partner José Virgílio lopes enei.