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INTERBOLSA CIRCULAR No. 2/2016 – Procedures of deposit and withdrawal of securities in certificate form

In compliance with article 24 of INTERBOLSA Regulation no. 2/2016 on the establishment of operational rules of the centralized securities systems and securities settlement systems managed by INTERBOLSA, this circular defines the procedures of deposit and withdrawal of securities in certificate form.

Therefore, under the above provision, the Board of Directors of INTERBOLSA - Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. (INTERBOLSA), decided to approve the following Circular:

CHAPTER I – GENERAL PROVISIONS

Article 1

(General principle)

- 1.** When an issue of securities in certificate form is registered in the centralised securities systems, the deposit of the securities deposited with a Participant is processed according to the procedures set forth in this Circular, being the responsibility of INTERBOLSA to set the date on which that integration is done.
- 2.** INTERBOLSA may appoint an entity to be a custody service provider (“*Instituição Prestadora de Serviços de Custódia*” or “*IPSC*”) to provide any of the services or procedures related with the custody of certificates concerned by this Circular, following the agreed terms and conditions. In this case, INTERBOLSA will keep all its obligations and responsibilities versus the Participant.
- 3.** The Article 3 of INTERBOLSA Regulation no. 2/2016 applies to this Circular.

CHAPTER II – PROCEDURES OF DEPOSIT OF SECURITIES

Article 2



(Procedures)

1. The Participant to whom the deposit of the securities in certificate form has been requested must immediately register that request in the centralised securities system, identifying the securities by both their respective code and serial number, indicating the account in which those securities are to be credited.
2. Once the request for deposit has been registered, it appears as “*Deposit Subject to Confirmation*”.
3. On the day the request for deposit is registered, INTERBOLSA checks if there is any irregularity, such as duplication of serial numbers, and issues a deposit form concerning the securities which registration do not evidence any irregularity.
4. If and whenever any irregularity is detected, the System issues an adequate report with the necessary evidence, and the Participant concerned should, in the same day, promote, where appropriate, the clarification and rectification of the situation, informing INTERBOLSA immediately.

Article 3

(Deposit form)

1. Once the deposit form referred to in no. 3 of article 2 has been received, the Participant must immediately compare it against the respective certificates. If there are no irregularities detected, the Participant must appendix those certificates to the respective deposit form and dispatch them to the depository attendance counter, within a maximum period of two business days following that on which the deposit form was received.
2. The certificates to be dispatched under the terms set forth in the previous number, must be duly regularised, especially where the patrimonial rights inherent to them is concerned and their registration into the deposit system, which must show clearly the code of the Participant, the date and the number of the account where those securities have been deposited.
3. If the Participant, when comparing the deposit note against the respective certificates, detects any irregularity, he must immediately cancel in full, the registration of the request for deposit, without prejudice of the provisions set forth in the following articles.

Article 4

(Checking at Central Vault)

1. Upon having received the certificates and the respective deposit form and the duplicate form, the depository attendance counter must immediately send them to the Central Vault.
2. As soon as the securities concerned are received, the Central Vault must verify that they suit with the deposit form, paying particularly attention to the serial numbering and details regarding patrimonial rights, also checking that they are correctly stamped regarding their integration into the deposit system; if no irregularities have been detected, the Central Vault must then confirm their reception through the System and deliver to the Participant the duplicate for of the deposit form.



3. If and whenever, in the compliance of the provisions as set forth in the previous number, the Central Vault detects any irregularities, INTERBOLSA must clarify the situation and, depending on the nature of the irregularities, ascertain the terms under which that situation is to be rectified.
4. The securities for which there was issued a deposit form are considered, from the moment that the deposit form is validated and confirmed by the system, are susceptible of over them been registered, through INTERBOLSA systems, any requests or operations, sending INTERBOLSA, on the same day of the system confirmation, to T2S platform, the necessary instructions to update the static data and to credit the account of the Participant that has deposited the amounts in question.
5. Until the verification of the securities by the Central Vault, the Participant may proceed to the exclusion and inclusion of a new deposit request.

CHAPTER III – Procedures of withdrawal of Securities

Article 5

(Procedures)

1. The Participant to whom the request for withdrawal of the certificates deposited in the centralised securities systems has been addressed must immediately register the respective request.
2. Following the withdrawal request, INTERBOLSA sends to T2S platform an instruction to block the values on the account of the Participant, being generated the corresponding withdrawal form.
3. Whenever the account does not have enough balance to settle the blocking instruction, INTERBOLSA must send to the T2S platform a cancellation instruction of the pending instruction, eliminating therefore the records concerning the withdrawal request, including the withdrawal form.
4. The Participant may cancel the withdrawal request only on the day on which it was registered.
5. Once having received the withdrawal form and blocked the securities on the account, the Vault must act accordingly by withdrawing the certificates.
6. Once the provisions as set forth in the previous number have been fulfilled, the Vault forwards to the depository attendance counter, together with the necessary documents, which must include the withdrawal form, the certificates stated in the request for withdrawal, which must be duly regularised, namely regarding the corresponding coupons or stamping valid at the time the withdrawal form was issued. Additionally, the Vault must also duly record their withdrawal from the deposit system.
7. The procedures referred to in the previous number must take place within a maximum period of seven working days following that on which the withdrawal form was received at the Vault, without prejudice of the provisions set forth in no. 4 of the following Article.



Article 6

(Securities for withdrawing)

1. If and whenever the certificates available do not incorporate enough securities to satisfy the request for withdrawal, INTERBOLSA must carry out the splitting of certificates at the issuer, whilst informing the Participant that the request for withdrawal was sent.
2. Once the certificates have been split, the issuer must immediately forward them to the Vault together with the respective list of certificates and securities therein comprised and the Vault must then immediately register the corresponding securities, file the certificates received and, upon having received the respective file report, issue an adequate new note for the number of certificates necessary to fully satisfy the withdrawal request.
3. The time limit for delivery of the split certificates to the depository attendance counter is calculated as from the date the form referred to in the previous number, being applicable to all else, the dispositions set forth in nos. 4 and subsequent of the preceding and following articles, adapted as necessary.

Article 7

(Checking and correction procedures)

1. Once the period referred to in no. 7 of Article 5 has terminated, the Participant must go to the depository attendance counter in order to withdraw the certificates and then he must check those certificates against the respective withdrawal form.
2. If there are no irregularities detected, the Participant confirms the reception of the certificates, signing the form which is sent to the Vault that will confirm the delivery of those same certificates through the System.
3. After confirming the delivery of the certificates through the System, INTERBOLSA sends to T2S platform the necessary instructions to update the static data and to debit the Participant's account.
4. If and whenever, on checking the certificates against the withdrawal form, irregularities are detected, the Participant refuses those certificates, writing the reason for refusal on the original of the respective withdrawal form and sending them again to the Central Vault through the depository attendance counter.
5. Once the documents referred to in the preceding number have been received, INTERBOLSA must start a prompt investigation in order to check the cause of the irregularities detected.
6. If and whenever the irregularities detected are the result of the non-fulfilment of the provisions as set forth in no. 4 of article 5, and the report issued or the withdrawal form are absolutely correct, the Vault will immediately take the necessary steps in order to remove the certificates identified in the report aforementioned.
7. If and whenever, from the compliance of the provisions set forth in no. 4 above, it is concluded that the irregularities occurred because of the withdrawal form itself, INTERBOLSA must, without delay, take the necessary measures to correct the situation.

Article 8



(Issue Cancellation)

To the total cancellation of an issue in certificate form applies, with the necessary adaptations, the procedures of securities withdrawal.

CHAPTER IV – SPECIFIC PROCEDURES OF SINGLE CERTIFICATE DEPOSIT AND WITHDRAWAL

Article 9

(Procedures)

1. To the deposit of a single certificate representative of the entire issue apply the procedures laid down for the deposit of certificated securities, with the necessary and appropriate adjustments and the following features:

a) The delivery procedure of the single certificate to INTERBOLSA can be preceded by sending it in a scanned format, to enable INTERBOLSA validation and conference of the certificate;

b) The account positions for the single certificate is only created in the Participant depositor's account, after appropriate validation and conference by INTERBOLSA, under the preceding paragraph;

c) INTERBOLSA sends to the T2S platform the necessary instructions for updating the static data and the credit of the Participant depositor.

2. To the withdrawal of a single certificate representative of the entire issue, it shall apply the procedures for the withdrawal of certificated securities, with the necessary and appropriate adjustments.

CHAPTER V – FINAL AND TRANSITORY PROVISIONS

Article 10

(Transitory provision. Treatment of the existing volumes in the Central Vault)

Notwithstanding the fact that INTERBOLSA does not accept, from the date of the entry into force of this Circular, the securities deposit by the creation of “lots”, this entity guarantees the treatment of the volumes deposited in the Central Vault before that date and until their withdrawal from the centralized system, continuing to be considered valid and effective the declarations issued and signed by the Participants depositors at the time of delivery of volumes to INTERBOLSA and which form an integral part of the volume, concerning their marking with the words "*Delivered for Custody*", as well as those relating to whether the securities that are part of the volume had all the rights exercised by the date they were deposited in the centralized system, continuing those bound by the obligations assumed in those declarations.

Article 11



(Revoking provision)

The Circular no. 2/2003, regarding the procedures of deposit and withdrawal of securities in certificate form, is revoked.

Article 12

(Coming into force)

This Circular comes into force on March 25, 2016, being, however, the entry into force subject to the effective migration of INTERBOLSA systems to T2S platform.