

**MEMORANDUM OF UNDERSTANDING CONCERNING CONSULATATION AND
COOPERATION AND THE EXCHANGE OF INFORMATION**

BETWEEN

THE SECURITIES COMMISSION OF BRAZIL

AND

THE ISRAEL SECURITIES AUTHORITY

THE STATUTORY AUTHORITIES

The Securities Commission of Brazil (hereinafter "CVM") is an independent Federal Agency linked to the Ministry of Finance, responsible for the regulation, supervision and control of the securities markets. The competence of the CVM extends over international cooperation in its field, including setting up bilateral relations.

The Israel Securities Authority (hereinafter "ISA") is the national regulator that is responsible for the regulation, supervision and enforcement of all capital market activities, institutions and instruments in Israel within the scope of its enabling law and other relevant legislation. It has statutory powers of investigation, and has the ability to exercise its powers for the purpose of cooperation with regulators in other countries.

PURPOSE

Considering the increasing international activity in the securities and derivatives markets, and the corresponding need for mutual cooperation and consultation between the CVM and the ISA to ensure compliance with, and enforcement of, their securities and derivatives Laws and Regulations;

Desiring to provide each other with the fullest mutual assistance possible to facilitate the performance of the functions with which they are entrusted within their respective jurisdictions to enforce or secure compliance with their Laws and Regulations as those terms are defined herein,

The ISA and the CVM have reached the following understanding:

DEFINITIONS

For the purposes of this Memorandum of Understanding:

1. "Authority" means the Securities Commission of Brazil or the Israel Securities Authority (together they are hereinafter referred to as "the Authorities").
2. "Requested Authority" means the Authority to whom a request for assistance is made under this Memorandum of Understanding.
3. "Requesting Authority" means the Authority making a request for assistance under this Memorandum of Understanding.
4. "Laws and Regulations" means the provisions of the laws of the jurisdictions of the Authorities, the regulations promulgated thereunder, and other regulatory requirements that fall within the competence of the Authorities, concerning the following:
 - (a) insider dealing, market manipulation, misrepresentation of material information and other fraudulent or manipulative practices relating to securities and derivatives, including solicitation practices, handling of investor funds and customer orders;
 - (b) the registration, issuance, offer, or sale of securities and derivatives, and reporting requirements related thereto;
 - (c) market intermediaries, including investment and trading advisers who are required to be licensed or registered, collective investment schemes, brokers, dealers, and transfer agents; and
 - (d) markets, exchanges, and clearing and settlement entities.
5. "Person" means a natural or legal person, or unincorporated entity or association, including corporations and partnerships.

MUTUAL ASSISTANCE AND THE EXCHANGE OF INFORMATION

6. General Principles regarding Mutual Assistance and the Exchange of Information
 - (a) This Memorandum of Understanding sets forth the Authorities' intent with regard to mutual assistance and the exchange of information for the purpose of enforcing and securing compliance with the respective Laws and Regulations of the jurisdictions of the Authorities. The provisions of this Memorandum of Understanding are not intended to create legally binding obligations or supersede domestic Laws and Regulations.
 - (b) This Memorandum of Understanding does not authorize or prohibit an Authority from taking measures other than those identified herein to obtain information necessary to ensure enforcement of, or compliance with, the Laws and Regulations applicable in its jurisdiction.
 - (c) This Memorandum of Understanding does not confer upon any Person not an Authority, the right or ability, directly or indirectly to obtain, suppress or exclude any information or to challenge the execution of a request for assistance under this Memorandum of Understanding.

- (d) The Authorities recognize the importance and desirability of providing mutual assistance and exchanging information for the purpose of enforcing, and securing compliance with, the Laws and Regulations applicable in their respective jurisdictions. A request for assistance may be denied by the Requested Authority:
- (i) where the request would require the Requested Authority to act in a manner that would violate domestic Laws and Regulations;
 - (ii) where judicial proceedings for the imposition of criminal penalties have already been initiated in the jurisdiction of the Requested Authority, in respect of the same actions and against the same persons, or, on the grounds that the provision of assistance might result in a judicial or administrative sanction being imposed, where a non-appealable judicial or administrative sanction has already been imposed, in the jurisdiction of the Requested Authority, in respect of the same actions and against the same persons.
 - (iii) where the request is not made in accordance with the provisions of this Memorandum of Understanding; or
 - (iv) where communication of the information might adversely affect the sovereignty, security or public policy of the State of the Requested Authority.

Nothing in this provision shall prevent the Requested Authority from refusing a request in accordance with its own domestic Laws and Regulations.

Where a request for assistance is denied, or where assistance is not available under domestic Laws and Regulations, the Requested Authority may provide the reasons for not granting the assistance and consult pursuant to paragraph 12.

7. Scope of Assistance

- (a) The Authorities will, within the framework of this Memorandum of Understanding, provide each other with the fullest assistance permissible to secure compliance with the respective Laws and Regulations of the Authorities.
- (b) The assistance available under this Memorandum of Understanding may include, but is not limited to:
 - (i) providing information and documents held in the files of the Requested Authority regarding the matters set forth in the request for assistance;
 - (ii) obtaining information, documents or copies thereof regarding the matters set forth in the request for assistance, including:
 - contemporaneous records sufficient to reconstruct all securities and derivatives transactions, including records of all funds and assets transferred into and out of bank and brokerage accounts relating to these transactions;

- records that identify: the beneficial owner and controller, and for each transaction, the account holder; the amount purchased or sold; the time of the transaction; the price of the transaction; and the individual and the bank or broker and brokerage house that handled the transaction; and
 - information identifying persons who beneficially own or control non-natural Persons organized in the jurisdiction of the Requested Authority.
- (iii) In accordance with Paragraph 9(d), taking or compelling a Person's statement, or, where permissible, testimony under oath, regarding the matters set forth in the request for assistance.

8. Requests For Assistance

- (a) Requests for assistance shall be made in writing, signed by the Chairman of the Requesting Authority and will be addressed to the Requested Authority's contact office listed in the attached Appendix.
- (b) Requests for assistance will include the following:
- (i) a description of the facts underlying the investigation that are the subject of the request, and the purpose for which the assistance is sought;
 - (ii) a description of the assistance sought by the Requesting Authority and why the information sought will be of assistance;
 - (iii) any information known to, or in the possession of, the Requesting Authority that might assist the Requested Authority in identifying either the Persons believed to possess the information or documents sought or the places where such information may be obtained;
 - (iv) an indication of any special precautions that should be taken in collecting the information due to investigatory considerations, including the sensitivity of the information; and
 - (v) the Laws and Regulations that may have been violated and that relate to the subject matter of the request, translated into the English language.
- (c) In urgent circumstances, requests for assistance may be transmitted by telephone or facsimile, provided such communication is confirmed through an original, signed document.

9. Execution of Requests for Assistance

- (a) To the extent permitted by its Laws and Regulations, the Requested Authority will provide the Requesting Authority, upon request, with information, documents or copies thereof held in its files, within a reasonable period of time. The Requested Authority shall use the relevant means at its disposal for the

execution of the request. The Authorities shall consult and agree on the types of enquiry that may be necessary for the execution of a request.

- (b) Upon request, the Requested Authority will require the production of documents or copies thereof identified in 7(b)(ii) from (i) any Person designated by the Requesting Authority, or (ii) any other Person who may possess the requested information or documents. Upon request, the Requested Authority will obtain other information relevant to the request.
- (c) Upon request, the Requested Authority will seek responses to questions and/or a statement (or where permissible, testimony under oath) from any Person involved, directly or indirectly, in the activities that are the subject matter of the request for assistance or who is in possession of information that may assist in the execution of the request.
- (d) Unless otherwise arranged by the Authorities, information, documents or copies thereof requested under this Memorandum of Understanding will be gathered in accordance with the procedures applicable in the jurisdiction of the Requested Authority and by persons designated by the Requested Authority. Where permissible under the Laws and Regulations of the jurisdiction of the Requested Authority, a representative of the Requesting Authority may be present at the taking of statements and testimony and may provide, to a designated representative of the Requested Authority, specific questions to be asked of any witness.

To the extent permitted by its Laws and Regulations, the Requesting Authority shall provide the Requested Authority with such further assistance as may reasonably be required for the efficient execution of the request including the provision of further information as to the circumstances surrounding the request, staff or other resources.

To the extent permitted by their respective national Laws and Regulations, the Authorities will consider conducting joint investigations in cases where the request for assistance concerns violations of Laws and Regulations, where it would assist in the effective investigation of the alleged violations. The Authorities should consult to define the procedures to be adopted for conducting any joint investigation, the sharing of work and responsibilities and the follow up actions to such investigations.

- (e) If it appears to the Requested Authority that the response to a request for assistance under this Memorandum of Understanding will incur substantial costs, the Requested Authority may call for the establishment of a cost sharing arrangement before continuing to respond to such a request.

In urgent circumstances, the response to requests for assistance may be transmitted by telephone or facsimile, provided such communication is confirmed through an original, signed document.

10. Permissible Uses of Information

- (a) The Requesting Authority may use non-public information and non-public documents furnished in response to a request for assistance under this Memorandum of Understanding solely for:
 - (i) the purposes set forth in the request for assistance, including ensuring compliance with the Laws and Regulations related to the request; and
 - (ii) a purpose within the general framework of the use stated in the request for assistance, including conducting a civil or administrative enforcement proceeding, assisting in a self regulatory organization's surveillance or enforcement activities (insofar as it is involved in the supervision of trading or conduct that is the subject of the request), assisting in a criminal prosecution, or conducting any investigation for any general charge applicable to the violation of the provision specified in the request where such general charge pertains to a violation of the Laws and Regulations administered by the Requesting Authority. This use may include enforcement proceedings which are public.
- (b) If a Requesting Authority intends to use information furnished under this Memorandum of Understanding for any purpose other than those stated in Paragraph 10(a), it must obtain the prior written consent of the Requested Authority. If the Requested Authority consents to the use of the information for purposes other than those stated, it may subject its consent to certain conditions. Nothing in this provision shall obligate the Requested Authority to furnish documents and information in violation of its own domestic Laws and Regulations.
- (c) The Authorities to which unsolicited information is supplied will use this information solely for the purposes stated in the transmission letter or for the purposes of administrative proceedings or for the discharge of the obligation to report to judicial authorities. If this information is used for the purpose of initiating, conducting or assisting in a criminal procedure, the requesting Authority should notify the requested Authority prior to complying with the demand.

11. Confidentiality

- (a) Each Authority will keep confidential requests made under this Memorandum of Understanding, the contents of such requests and the information received under this Memorandum of Understanding, as well as the matters arising under this Memorandum of Understanding, including consultations between or among Authorities, and unsolicited assistance. After consultation with the Requesting Authority, the Requested Authority may disclose the fact that the Requesting Authority has made the request if such disclosure is required to carry out the request.

- (b) The Requesting Authority will not disclose non-public documents and information received under this Memorandum of Understanding, except as contemplated by paragraph 10(a) or in response to a legally enforceable demand according to its Laws and Regulations. In the event of a legally enforceable demand, the Requesting Authority will notify the Requested Authority prior to complying with the demand, and will assert such appropriate legal exemptions or privileges with respect to such information as may be available. The Requesting Authority will use its best efforts to protect the confidentiality of non-public documents and information received under this Memorandum of Understanding.
- (c) Prior to providing information to a self-regulatory organization in accordance with paragraph 10(a)(ii), the Requesting Authority will ensure that the self-regulatory organization is able and will comply on an ongoing basis with the confidentiality provisions set forth in paragraphs 11(a) and (b) of this Memorandum of Understanding, and that the information will be used only in accordance with paragraph 10(a) of this Memorandum of Understanding, and will not be used for competitive advantage.
- (d) If an Authority decides to make public an administrative or a disciplinary sanction within the course of its duties, it may, with the written consent of the Authority providing the information, indicate that the successful outcome of the case has been achieved with the aid of the international co-operation mechanisms provided for in this Memorandum of Understanding.

12. Consultation Regarding Mutual Assistance and the Exchange of Information

- (a) This Memorandum of Understanding may be amended or modified by mutual consent. Any amendment or modification of this Memorandum of Understanding shall follow the same procedures as its entry into force.
- (b) The Authorities will consult periodically with each other regarding this Memorandum of Understanding about matters of common concern with a view to improving its operation and resolving any issues that may arise. In particular, the Authorities will consult in the event of:
 - (i) a significant change in market or business conditions or in legislation where such change is relevant to the operation of this Memorandum of Understanding;
 - (ii) a demonstrated change in the willingness or ability of an Authority to meet the provisions of this Memorandum of Understanding; and
 - (iii) any other circumstance that makes it necessary or appropriate to consult, amend or extend this Memorandum of Understanding in order to achieve its purposes.
- (c) The Requesting Authority and the Requested Authority will consult with one another in matters relating to specific requests made pursuant to this Memorandum of Understanding (e.g., where a request may be denied, or if it appears that responding to a request will involve a substantial cost). The Authorities will define the terms herein in accordance with the relevant Laws

and Regulations of the jurisdiction of the Requesting Authority unless such definition would require the Requested Authority to exceed its legal authority or otherwise be prohibited by the laws applicable in the jurisdiction of the Requested Authority. In such case, the Requesting and Requested Authorities will consult.

13. Unsolicited Assistance

Each Authority will make all reasonable efforts to provide, without prior request, the other Authority with any information that it considers is likely to be of assistance to the other Authority in securing compliance with Laws and Regulations applicable in its jurisdiction.

FINAL PROVISIONS

14. Publication

This Memorandum of Understanding may be published.

15. Effective Date

This Memorandum of Understanding shall be signed by the ISA in Jerusalem and by the CVM in Rio de Janeiro. Following the signature of this Memorandum of Understanding, the Authorities shall notify each other, in writing, of the completion of the signature of this Memorandum of Understanding. This Memorandum of Understanding shall enter into force on the date of receipt of the latter notification of signature by the Authorities.

16. Termination

- (a) Each Authority may terminate its participation in this Memorandum of Understanding at any time by giving at least 30 days prior written notice to the other Authority.
- (b) In the event that an Authority decides to terminate its participation in this Memorandum of Understanding, cooperation and assistance in accordance with this Memorandum of Understanding will continue until the expiration of 30 days after that Authority gives written notice to the other Authority of its intention to discontinue cooperation and assistance hereunder. If an Authority gives a termination notice, cooperation and assistance in accordance with this Memorandum of Understanding will continue with respect to all requests for assistance that were made, or information provided, before the effective date of notification (as indicated in the notice but no earlier than the date the notice is sent) until the Requesting Authority terminates the matter for which assistance was requested.

- (c) In the event of the termination of an Authority's participation in the Memorandum of Understanding, whether under the provisions of 16(a) or 16(b), information obtained under this Memorandum of Understanding will continue to be treated confidentially in the manner prescribed under Article 11 of this Memorandum of Understanding.

Done at Jerusalem and Rio de Janeiro in Hebrew, Portuguese and English, all texts being equally authentic. In case of divergences in interpretation, the English text shall prevail.

[Signature page follows]

**[Signature page of the Memorandum of Understanding between the Securities
Commission of Brazil and the Israel Securities Authority]**

SECURITIES COMMISSION OF BRAZIL ISRAEL SECURITIES AUTHORITY

Date and Place:

Date and Place:

Rio de Janeiro,

Jerusalem,

**Marcelo Fernandez Trindade,
Chairman**

**Moshe Tery,
Chairman**

ANNEX A

SECURITIES COMMISSION OF BRAZIL

Mr. Eduardo Manhães Ribeiro Gomes

Director of Dep. of International Affairs
Rua Sete de Setembro, 111 – 33º Andar
20050-901 Rio de Janeiro RJ
Brazil
Tel: +55 21 3233-0200 / 2221-6798
Fax: +55 21 2221-6769
E-mail: intl@cvm.gov.br

THE ISRAEL SECURITIES AUTHORITY

Ms. Lisa Haimovitz

Director of Dep. of International Affairs
22, Kanfei Nesharim St.
Jerusalem 95464
Israel
Tel: +972-2-6556566
Fax: +972-2-6513646
Email: international@isa.gov.il