BUSINESS JUSTIFICATION
FOR THE DEVELOPMENT OF NEW ISO 20022 FINANCIAL REPOSITORY ITEMS

A. Name of the request:
Investment Fund Prospectus

B. Submitting organization:
ANBIMA – Brazilian Financial and Capital Markets Association
Avenida das Nações Unidas, 8501 - 21º andar
São Paulo, SP - Brazil

C. Scope of the new development:
The proposal is for the development of a message for registration of all relevant information included in the Investment Fund Prospectus. It aims at facilitating the analysis of the Fund; at providing not only the basic record data, but also the purposes, policies and rules, thus eliminating the need to interpret the whole Prospectus by service providers and investors.

It is different from the scope of the ISO 20022 Fund Processing Passport (FPP) Report messages developed by SWIFT based on the EFAMA FPP which is to present the Investment Fund’s “key” operating information for negotiation. Unlike the FPP, the proposed "Fund Prospectus Record", in addition to presenting the information required for negotiation, will also provide all relevant information regarding the prospectus, rules, fees, service providers, and investment policies adopted.

Unlike the FPP, which intends to present a “Simplified Prospectus” in order to facilitate the routine operations of the Fund, the Fund Prospectus Record will present a “Full detailed and standardized Prospectus” to facilitate and optimize any exchange of information between the Investment Fund’s participants and service providers.

In addition to being a document that includes information regarding the investment policy and the risks involved, the Manager, the Portfolio Manager and other companies hired to provide services, the Investment Fund Prospectus also determines:

- the purpose of the Fund, that is, the types of investments or real estate undertakings which may be carried out;
- the duration of the Fund;
- the entry fee or the criteria determining it;
- share subscription and redemption criteria;
• the undertakings’ sales policy;
• earnings’ distribution mechanisms;
• the handling of expenses and charges;
• the criteria for assessment of the equity value of the shares;
• the mandatory information to be supplied to shareholders;
• the Management fee;
• other fees and expenses;
• the cases of dissolution and liquidation of the Fund, as well as the established mechanisms;
• the Fund’s management’s goals and purposes;
• the Fund’s target public;
• the events enabling hiring of outsourced service providers;
• the earning’s distribution policy, including payment terms and conditions.

All the information above directly relates to the work of all entities involved with the Fund, whether for provision of services or direct investment. As a result of any change in any such information, all those entities involved should be informed accordingly. As there is no standard for this type of communication, a specific document is generated for each institution, and information is laid out and drafted differently.

At this point, we assume that this effort will entail the development of the following four (4) messages:

1. Fund Prospectus Registration
2. Fund Prospectus Registration Status
3. Fund Prospectus Change
4. Fund Prospectus Change Status

The development of the two ISO 20022 messages for Fund Prospectus Registration and of another two messages for Fund Prospectus Changes would eliminate the need to create several documents or notices. Additionally, the Fund Prospectus Change message will allow all participants to be informed at the same time using the same message.

We propose to submit the evaluation of the above messages to the Securities Standards Evaluation Group (SEG).

D. Purpose of the new development:

The purpose of developing the Investment Fund Prospectus message is:

• To provide the Funds industry with a standardized document that provides with transparency all relevant information included in the agreement and in the regulations;
• To optimize industry participants’ processes such as risk analysis, investment policy, target investors, eligibility and compliance with applicable rules and legislation;
• To eliminate interpretation errors.
- To offer quality, transparency and availability of information about the Investment Funds;
- To discipline the communication among the participants;
- To ensure regularity, accuracy and completeness of information about Investment Funds;
- To facilitate the identification of changes in operating conditions, as well as their impacts on all the modifications carried out in the Fund Prospectus.

The Investment Fund’s manager will be mandated with making available all information needed by the institutions, service providers and investors. Currently, upon creating an Investment Fund, its manager must submit the prospectus for analysis by the regulatory bodies, to its service providers and investors and generate a different record for each type of institution or agent.

Changes in investment policy, payments, or even the substitution of participants and service providers of the Fund entail changes in the Prospectus, thus requiring a new analysis by the participants for identification of new needs and responsibilities. In addition, the manager must generate all the documents and records again for each of the institutions involved.

With the message for Registration of the Prospectus, the Fund’s manager will send a single document to all its service providers and, similarly, a single document in the case of any change made in the Investment Fund. All the participants will have access to the same documents and the same information.
E. Community of users and benefits:

1) Benefits and savings

**Funds managers**

They will make the registration and changes in their Investment Funds with one single document.

**Funds regulatory bodies**

They will receive and approve the same information (message) to be sent to the other market participants, thus avoiding misunderstandings in the replication of the information and materially reducing interpretation errors.

**Audit, consulting, distribution, accounting, valuation and credit rating companies**

They will receive in an automatic and standardized manner the information or changes regarding fees, taxes, risk, calculation of shares, distribution of profits, maximum and minimum investments, obligations, investment policies and identification of the Fund’s participants and service provided to the Fund.

**Mergers, spin-offs, consolidations and creation of new classes of Investment Funds**

They will be informed based on the change in registrations, also in a standardized and transparent manner, identifying any relevant change in the fund.

2) Adoption scenario

In the Brazilian financial market, 962 financial institutions (some names are listed below) are already using these messages (Brazilian standard, not ISO 20022) for 9200 investment funds.

Migration patterns and timing cannot be provided because they are not known at this point.

3) Volumes

Based on figures taken from the beginning of 2010, ANBIMA counted the following monthly average number of messages, all based on the current (Brazilian) standard:

- 130 new funds registered;
- 370 modifications to funds previously registered.

No volumes for other institutions can be provided.

For a list of potential users, see section 4 below.

4) Sponsors and adopters

The development of the messages for Registration of and Change in the Prospectus of the Fund will benefit several participants of the funds industry.

At this moment, the STI (Information Transfer System) is being created in Brazil through an initiative of ANBIMA and the following thirteen financial institutions: Banco do Brasil, Banco Bradesco, BM&Fbovespa, BNP Paribas, BNY Mellon, BTG Pactual, Caixa
Economica Federal, Citibank, Deutsche Bank, HSBC, Itaú-Unibanco, Santander, and Votorantim). All institutions agree to participate in the development of the Funds Prospectus messages. They are fully committed to migrate to and adopt the ISO 20022 messages.

Except for ANBIMA (self-regulatory body) and BM&FBovespa (Brazilian Stock Exchange), the other twelve institutions listed above represent the major custodians of Investment Funds in Brazil, and since such institutions are committed to using the message, the other service providers for Investment Funds involved with such institutions should also use it.

This effort can further leverage XBRL’s work with ISO 20022, by tagging the content of the prospectus as machine readable elements.

F. Timing and development:

Brazil intends to use the proposed messages as part of the STI – Information Transfer System. Approval of the messages by the ISO 20022 Securities SEG is considered extremely important for the country, so that all registrations of Investment Funds made by the participants in the industry are in the same format, thus permitting standardization of other activities inherent to investment funds as well.

Approval of the messages by the institutions participating in the STI system is scheduled for January 2011.

ANBIMA plans to have the new candidate ISO 20022 business and message models for the proposed messages developed and ready for submission to the RA by 4Q of 2011.

Delay in developing such messages will result in the use of another message for homologation of such service in the Brazilian system for information exchange.

The following institutions in Brazil have agreed to participate in the development of the proposed messages: ANBIMA, Banco do Brasil, Banco Bradesco, BM&FBovespa, BNP Paribas, BNY Mellon, BTG Pactual, Caixa Economica Federal, Citibank, Deutsche Bank, HSBC, Itaú-Unibanco, Santander and Votorantim. Besides Brazil, there is also a commitment of the following countries and organizations to assist in this process: South Africa, Germany, Australia, Brazil, France, Ireland, Luxembourg, United Kingdom, United States and SWIFT.

The following timeline lists the key development and approval steps:

<table>
<thead>
<tr>
<th>Submit Bus Just. to RA</th>
<th>Approval by STI users</th>
<th>Submit messages to RA</th>
</tr>
</thead>
<tbody>
<tr>
<td>2Q 2010</td>
<td>Jan 2011</td>
<td>4Q 2011</td>
</tr>
</tbody>
</table>
G. Commitments of the submitting organization:

ANBIMA confirms that it will undertake the development of the candidate ISO 20022 business models and message models that it will submit to the RA for compliance review and evaluation. The submission will include Business Process Diagram (activity diagram), Message Flow Diagram (sequence diagram) and Message Definition Diagram (class diagram), and examples of valid and invalid XML instances of each candidate message and other descriptive material that will be used by the RA to generate the Message Definition Report.

ANBIMA will address any queries related to the description of the models and messages as published by the RA on the ISO 20022 website.

ANBIMA confirms that it is committed to initiate and/or participate in the future message maintenance.

ANBIMA agrees to inform RA about all changes in information, number of candidate messages and timing of their submission to the RA. The tests and implementation of such messages will be made through the STI system.

ANBIMA confirms knowledge and acceptance of the ISO 20022 Intellectual Property Rights policy for contributing organizations, as follows:

“Organizations that contribute information to be incorporated into the ISO 20022 Repository shall maintain any Intellectual Property Rights (IPR) they have on this information. A contributing organization warrants that it has sufficient rights on the contributed information to have it published in the ISO 20022 Repository through the ISO 20022 Registration Authority in accordance with the rules set in ISO 20022. To ascertain a widespread, public and uniform use of the ISO 20022 Repository information, the contributing organization grants third parties a non-exclusive, royalty-free licence to use the published information”.

H. Contact persons:

ANBIMA – Brazilian Financial and Capital Markets Association
Liliane Reis Dutra
liliane.dutra@anbima.com.br
+55 11 3032 3838

ANBIMA – Brazilian Financial and Capital Markets Association
Luciana Dias
luciana.dias@anbima.com.br
+55 11 3032 3838
Citigroup Brazil
Marcio Veronese
marcio.veronese@citi.com
+55 11 4009 2751

I. RMG comments received and disposition of comments by ANBIMA

Following comments were received from the Netherlands:

1) The Dutch SMPG in principle agrees with the BJ Investment Fund Prospectus, but we feel the FPP should somehow be part of the Investment Fund Prospectus in order to prevent to have to maintain the information in two different locations

ANBIMA understands this concern and would like to specify that it analyzed the FPP message set prior to submitting this business justification. Where relevant and applicable, ANBIMA agrees to re-use components used in the FPP Report messages so that both sets of messages will be fully aligned with one another.

2) We suggest the Submitter of this BJ should have a close look to the XBRL / ISO20022 initiative of DTCC regarding Corporate Action Notifications for the filtering of structured data from an unstructured document.

ANBIMA is aware of this initiative and confirms that it will consider the work of DTCC/XBRL.