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***Shareholder Rights and the Equitable  
Treatment of Shareholders***

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**Using the Stock Exchange to Speed Reform:  
Lessons from Brazil's Novo Mercado**

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*The views expressed in this paper are those of the author and do not necessarily represent the  
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## **USING THE STOCK EXCHANGE TO SPEED REFORM: LESSONS FROM BRAZIL'S NOVO MERCADO**

As the world economy becomes increasingly global, Brazilian companies need to reposition themselves. Companies that aim to become and remain globally competitive will need significant funds for technological modernization. The high cost of capital has forced many companies to seek alternative funding sources. Hence, the Brazilian stock market (BOVESPA) sought to create mechanisms and incentives for companies to raise necessary funds from Brazilian capital markets on a regular basis. To this end, the BOVESPA sought to identify and find methods of overcoming limitations, by seeking instruments that it can increasingly use in its role as a private agent, with less dependence on the evolution of the institutional conditions of the Brazilian market.

This was the motivation for the launching in December 2000, of BOVESPA's special listing segment, the Novo Mercado. Despite being a private sector initiative, it enjoys the active support of a number of Brazilian governmental organizations. In addition, the Novo Mercado initiative has also received important support from the International Finance Corporation, the World Bank, the Organization for Economic Cooperation and Development, the Private Sector Advisory Group on Corporate Governance and the Global Corporate Governance Forum.

The Novo Mercado is designed for the trading in companies that voluntarily adopt additional corporate governance practices beyond those required by law. In other words, listing in this special segment involves abiding by a set of corporate rules that broaden the rights of shareholders, and adopting policies that promote greater transparency through comprehensive information disclosure and dissemination. Specifically, companies that list on the Novo Mercado are obliged to:

- present, along with the quarterly data, consolidated financial statements, company cash-flow statements and consolidated accounts (these are not required by law in the quarterly data);
- include a special review report issued by an independent auditor, in the quarterly statements;
- present annual financial statements in accordance with international accounting standards, either the US GAAP or the IAS. In the quarterly data, companies must prepare the statements according to the same international standard or, at least, disclose information in Brazilian GAAP in the English language;
- provide updated information on the free-float;
- hold at least one annual public meeting for analysts and other interested parties;

- publish a calendar of corporate events;
- provide information on any stock options plan;
- disseminate information concerning all trades involving stock in the company carried out by managers, controlling shareholders and members of the fiscal council on a monthly basis; and
- provide information regarding current contracts between the company and any related party whenever (regardless of the time of the year) the contracted amount with each party exceeds R\$ 200,000.00 or 1% of the last stockholders' equity publicized by the company, whichever of the two is greater.

In order to increase liquidity, a minimum free-float of 25% is required. In all public offerings, the company must endeavor to disperse the shares widely by guaranteeing access to all interested investors or by reserving at least 10% of the total shares for distribution among private individuals or non-institutional investors. In addition, each company prospectus must contain additional information, such as a description of risk factors and trades, and an analysis and discussion by the management about the financial statements, to help ensure accurate and up-to-date analysis and share pricing.

Yet the strictest requirements are those relating to investors' rights. Companies listing in the Novo Mercado are distinct primarily because they only issue common shares (with voting rights) and they commit to not issue preferred (i.e., non-voting) shares in the future. It is worth pointing out that Brazilian corporate law permits companies to issue up to 2/3 of a company's capital as preferred shares. A recent revision of Brazilian corporate law lowered this limit to 50% for new companies.

Other important Novo Mercado rules include:

- Tag-along rights: any buyer who is purchasing the controlling shareholder position must extend an equivalent purchase offer to all other shareholders thereby guaranteeing each shareholder the same treatment;
- If a company no longer wants to be listed or wishes to cancel its contract with the Novo Mercado, the controlling shareholder is obliged to make a public tender offer for the outstanding shares at a price based on the economic value of the company, as determined by an expert appraisal;
- The company's board of directors must be composed of at least five members with one-year mandates.

Clearly, undertaking the magnitude of changes in companies' capital structure demanded by these rules is easier for firms that are now going public than for the more than 400 companies already listed on the BOVESPA. Many of the latter have 2/3 of their capital

represented by preferred (non-voting) shares. In order to ensure that all companies would be able to take steps towards upholding the investors' current corporate governance requirements, the BOVESPA also created two intermediate levels of corporate governance: Level 1 and Level 2.

Level 1 requires companies to become more transparent by disclosing additional information as required in the Novo Mercado's rules, such as: more complete financial statements, information on trading by the insiders (directors, officers and controlling shareholders) and on self dealing.

Level 2 requires companies to abide by all of the obligations set forth in the regulations for the Novo Mercado with a few key exceptions. First, level-two companies retain the possibility of maintaining preferred (non-voting) shares, that enjoy tag-along rights of at least 70% of the price received by the controlling shareholder. Second, these preferred shares are entitled to restricted voting in some specific situations, such as company mergers and incorporations, and contracts between the controlling shareholder and the company, provided they are voted in a general shareholders' meeting.

Companies' boards of directors, management and controlling shareholders pledge to uphold these additional obligations by signing a contract with the BOVESPA. The BOVESPA, in turn, assumes the task of supervising and guaranteeing the enforcement of the stipulated norms and regulations.

One of the main innovations of the Novo Mercado is the creation of the Market Arbitration Panel<sup>1</sup> to settle disputes between shareholders and companies. The Arbitration Panel offers investors and companies a means to resolve disputes quickly by using the services of panel members who are experts in corporate issues and dispute resolution techniques.

Abiding by the decisions of the Market Arbitration Panel is one of the conditions for companies to join both the Novo Mercado and Level 2. This requirement is intended to ensure better enforcement of the rules, helping to make them more effective. To this end, companies agree to resolve, via arbitration, any disputes or controversies that may arise in relation to the listing rules, to the company bylaws, to the provisions of corporate law and to other norms of the Brazilian capital market.

The basic aim of the Novo Mercado is to reduce investors' perception of risk and thereby enhance share value and market liquidity. In particular, risk perception is minimized thanks to the rights and guarantees granted to the shareholders and to the additional information disclosed, which reduces information asymmetries between company management and market participants.

Accurate pricing, in turn, stimulates companies to go public and issue new shares. This strengthens the stock market as an alternative source of funding for companies and helps to align the interests of entrepreneurs and investors. The extremely low number of

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<sup>1</sup> See more information about the Market Arbitration Panel in the Annex.

companies going public on the Brazilian market in recent years demonstrates the distance that has existed between the perception of entrepreneurs regarding the value of their businesses and that of the investors, who take into account the risks, not always related to the business, to which they can be exposed.

A year after the starting of the Novo Mercado, it is clear that the process of cultural change needed for its implementation and consolidation takes time, but has already begun. Despite the multiple shocks that have affected the Brazilian and world economies in 2001, the program was inaugurated in June of 2001 when the first group of companies joined Level 1 of the BOVESPA.

At present, 22 publicly traded companies are registered at Level 1:

- **Banks and Bank Holding Companies:**
  - Banco Bradesco
  - Bradespar
  - Banco Itaú
  - Itaúsa
  - Unibanco
  - Unibanco Holdings
- **Pulp and Paper**
  - Aracruz
  - Ripasa
  - Votorantin Celulose e Papel
- **Electric Utilities**
  - Cemig
  - CTEEP - Transmissão Paulista
- **Air transport**
  - Varig
  - Varig Services
  - Varig Transports
- **Food**
  - Perdigão
  - Sadia
  - Vigor
- **Telecommunications**
  - Brasil Telecom Participations
  - Brasil Telecom
- **Steel Manufacturing/Auto Parts/Electrical Motors**
  - Gerdau
  - Randon
  - Weg

The Novo Mercado was inaugurated at the beginning of 2002, with the initial public offering of the Companhia de Concessões Rodoviárias (CCR), the largest toll roads holding company in Brazil, followed by SABESP (water and basic sanitation), which joined in April of 2002.

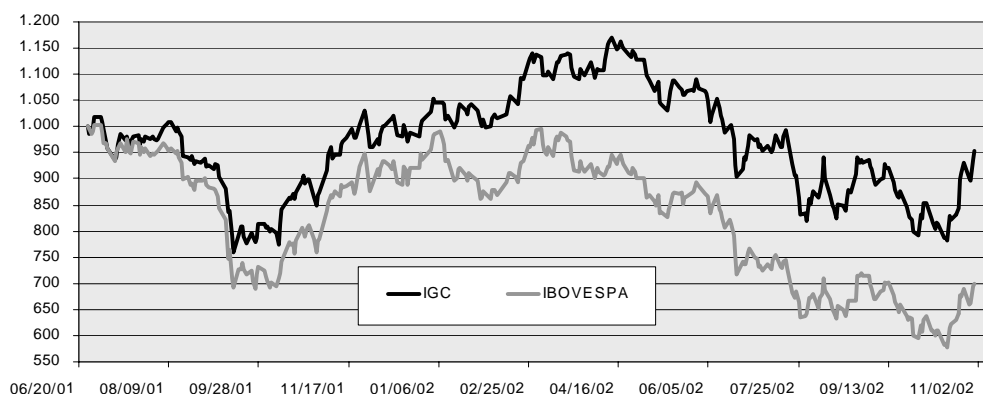
Level 2 has now three listed companies: Celesc, the electricity distributor of Santa Catarina state, Net Serviços de Comunicação, a cable television company which upgraded itself from Level 1 and Marcopolo, the largest Brazilian producer of bodies for small, medium and large buses.

All of these companies have assumed firm commitments to their shareholders and to the market to improve their respective corporate governance practices.

Together with the inauguration of the program, in June 2001, BOVESPA launched a new market index, the IGC - Corporate Governance Index. It includes the companies listed on the Differentiated Corporate Governance Levels 1 and 2 and the Novo Mercado. The weight of each company in the index portfolio is calculated based on the market capitalization of the free float, multiplied by a factor, which varies in accordance with the level of corporate governance to which the company is committed.

It seems that investors have begun to offer companies with good corporate governance practices higher share prices. According to the performance presented by the Corporate Governance Index (IGC), compared to the IBOVESPA Index, which assesses the performance of BOVESPA-listed firms (typically the most liquid on the market), the former have fared better than the latter since its launching at the end of June, 2001.

**Evolution of the IGC - Corporate Governance Index compared to the IBOVESPA – 06/26/2001 to 10/31/2002**



Source: BOVESPA - São Paulo Stock Exchange

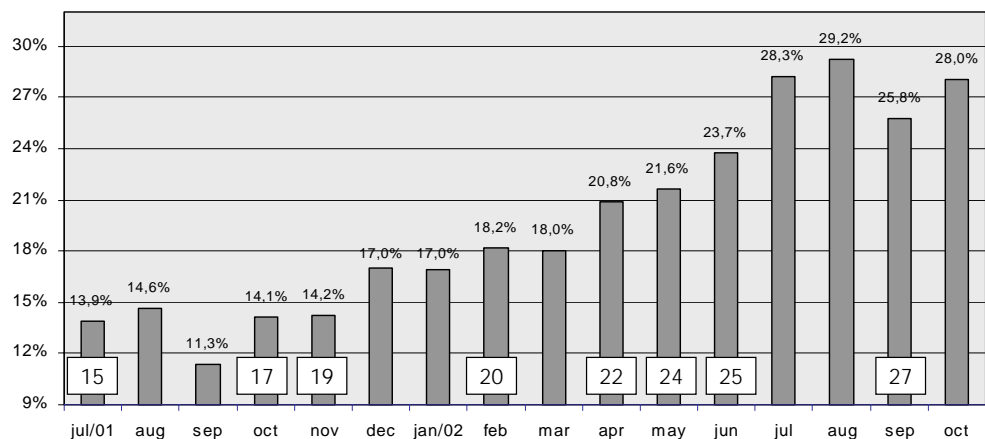
	oct/02	2002	since 06/26/01
<b>IGC</b>	20,61	-5,54	-4,6
<b>IBOVESPA</b>	17,92	-25,12	-29,98

until 10/31/2002

The graphs below demonstrate the participation of the Novo Mercado and Level 1 and 2 companies in relation to the Total Trading Value and the Total Market Capitalization of the BOVESPA.

## TRADING VALUE

Participation of the corporate governance segments

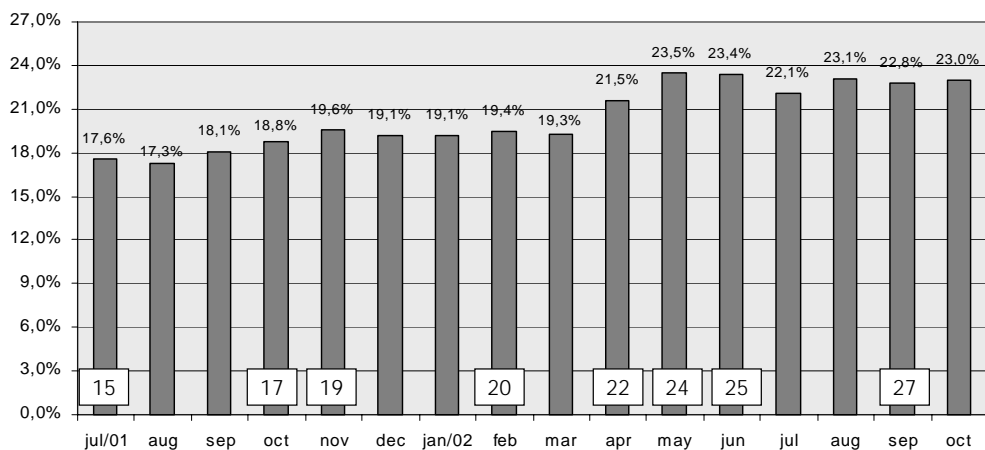


# of companies

Source: BOVESPA - São Paulo Stock Exchange

## MARKET CAPITALIZATION

Participation of the corporate governance segment



# of companies

Source: BOVESPA - São Paulo Stock Exchange

A study<sup>2</sup> just finished (October, 2002) by Professor Antonio Gledson de Carvalho, PhD, at the University of São Paulo, confirms, through statistic tests, that the adherence to the Novo Mercado and Special Corporate Governance Levels 1 and 2 positively influenced the companies' shares prices, increased the trading volume and the liquidity.

Due to the growing endorsement of the Novo Mercado's standards by companies, financial intermediaries and investors, several firms have publicly announced their intention to abide by these rules, or to go public and adhere to stricter corporate governance norms. Although economic and political uncertainties stemming from the Brazilian presidential elections this year may delay some projects, BOVESPA remains confident that a significant number of new companies will list on the Novo Mercado and on the Special Corporate Governance Levels in the near future.

In retrospect, it is clear that the importance of corporate governance has already been incorporated into the agenda of companies operating in Brazil. It is being frequently discussed in the media and widely debated amid diverse societal groups. Hence, the public is now becoming keenly aware of the benefits that corporate governance offers.

The BOVESPA, upon launching the Novo Mercado and Levels 1 and 2, aimed to align the demands of investors and companies more closely. Yet the BOVESPA must continue to advance the reform process in order to increase the number of new listings on the Novo Mercado, entice more companies to upgrade from the traditional listing category to the special Level 1 and Level 2 segments, and attract new investors to the Brazilian stock market. To that end, the BOVESPA welcomes the support of the global investment community.

BOVESPA – São Paulo Stock Exchange  
São Paulo, November 2002.

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<sup>2</sup> "Efeitos da Migração para os Níveis de Governança Corporativa" - October, 2002 (The Effects of Migration to the Novo Mercado and to the Special Corporate Governance Levels). Professor Antonio Gledson de Carvalho, PhD in Economics from University of Illinois.

# **ANNEX**

## **MARKET ARBITRATION PANEL**

### **GOALS OF THE MARKET ARBITRATION PANEL**

The Market Arbitration Panel was founded by BOVESPA on July 27<sup>th</sup> 2001, as the main dispute resolution forum to resolve conflicts in connection with the capital markets. Initially, the main goal of the Panel is to facilitate the resolution of disputes involving participants of the following special segments of BOVESPA: *Novo Mercado* and *Nível 2* (Corporate Governance Level 2).

The Arbitration Panel pledges to provide investors with a trustworthy and confidential means of dispute resolution so that they can rest assured that investing their savings in the capital markets is safe. Should any dispute arise, highly trained arbitrators capable of analyzing complex aspects of the issues related to capital markets are readily available to resolve it.

### **ARBITRATION IN BRAZIL**

According to Brazilian law, every citizen has the right to enter into an agreement and to settle any dispute arising out of it, through arbitration, rather than the courts.

The Brazilian Civil Procedure Code had made arbitration available to parties as a dispute resolution means. However, the use of arbitration has become more common after Law n. 9307/96 (the "Arbitration Act"), which regulated its use.

The parties' commitment to submit disputes to arbitration is essential. The Arbitration Act provides for the validity of a written provision to submit to arbitration, any controversy arising between the parties. This provision may be included within a broader agreement, or may be a stand-alone contract.

Once the parties agree to submit disputes to arbitration, they will no longer be able to resort to the courts to resolve such disputes or even to modify or review an arbitral award.

Arbitration provides parties with a private, expeditious and cost-effective dispute resolution mechanism that employs decision-makers who are experts in the subject matter of the dispute.

Privacy of the proceedings is another advantage of arbitration. Because it is a private forum, it is shielded from public scrutiny and access to all facts and documents disclosed are restricted to the parties. Arbitration also provides for a speedier resolution of

disputes when compared to court adjudication. Parties have more control over the speed of the proceeding once they are able to select arbitrators with a high degree of expertise in the subject matter of the dispute. In court adjudication, the judges are limited to information provided by independent expert opinions.

In order to assure a speedy resolution of disputes, the Arbitration Act provides that all awards shall be made within one hundred eighty days of the commencement of the proceedings. Any award not made within that time frame shall be invalid.

Arbitration plays a role in public policy, as it is a means of relieving court congestion, which is a serious problem in Brazil.

The procedural informality and the finality of the decision also make arbitration more cost-effective than court adjudication.

Arbitrators shall act as judges in as much as they have the power to issue a binding decision on the issue, taking into account the technical aspects involved in the dispute. The role of arbitrators differs from the role of legal counsel to the parties.

## **MARKET ARBITRATION PANEL**

Aiming at contributing towards resolution of corporate disputes arising out of activities of members of the *Novo Mercado* or *Nível 2* of Corporate Governance, BOVESPA created the Market Arbitration Panel to offer investors a safer, more expeditious and more specialized dispute resolution forum than the courts.

## **COMPOSITION OF PANEL AND REPRESENTATION**

The Arbitration Panel is composed of a secretary general and at least 30 arbitrators, including one chairman and two vice-chairmen.

The Arbitration Panel is represented by its chairman or, in his absence, by one of the vice-chairmen previously chosen by the chairman.

The arbitrators – including the chairman, the vice chairmen, and the secretary general – shall serve for a two-year term and shall be eligible for re-elections for additional terms.

## **SELECTION OF THE MARKET ARBITRATION PANEL MEMBERS**

The BOVESPA Board of Directors shall select the Market Arbitration Panel arbitrators from a roster of persons previously recommended every two years. All arbitrators shall have unblemished reputations and expertise in the capital markets and shall be capable persons aged 30 or older.

## **SUBMISSION TO THE MARKET ARBITRATION PANEL**

Submission to the Market Arbitration Panel and to its Rules is accomplished by executing a Consent Form. Submission to the Market Arbitration Panel Rules is mandatory for the following:

- BOVESPA;
- Publicly-held companies listed on *Novo Mercado* and *Nível 2* of Corporate Governance;
- Controlling shareholders of such publicly-held companies;
- Senior managers of such publicly-held companies (members of the Board of Directors and Executive Officers), including any newcomers who shall only take office upon execution of the Consent Form;
- Members of the Fiscal Council of such publicly-held companies;
- Any investor who holds bonds or securities issued by a company listed on *Novo Mercado* or *Nível 2* of Corporate Governance and who has signed the Statement of Consent.

Upon adherence to the Market Arbitration Panel, its participants undertake to submit to the Panel, all disputes in connection with:

- Corporate Law;
- the Bylaws of the companies;
- the general rules that govern the capital markets;
- the *Novo Mercado* and the Differentiated Corporate Governance Practice Listing Rules, and
- the Agreements entered into by and between the companies listed on *Novo Mercado* and *Nível 2* of Corporate Governance.

## **INVESTOR CONSENT**

An investor wishing to submit disputes to the Arbitration Panel must adhere to its Rules only once, even if it acquires bonds and/or securities from more than one company.

The terms of the consent to be executed by investors submitting to the Market Arbitration Panel Rules shall depend on the trading practices in which the company is engaged.

## **TRADING ON BOVESPA**

If the company's bonds and securities are traded on BOVESPA, the investor may execute the respective Statement of Consent at the Office of the Market Arbitration

Panel, located at Rua XV de Novembro, 275, 4<sup>th</sup> floor, in the City of São Paulo, State of São Paulo, or at the brokerage firm in charge of the deal.

## **PRIVATE TRADING**

If the company's bonds and securities are privately traded, the investor may execute the Consent Form at the Office of the Market Arbitration Panel.

The Consent Form shall be binding on the investor, his/her heirs, and/or successors.

## **COMMITMENT NOT TO RESORT TO COURT ADJUDICATION**

Submission to the Market Arbitration Panel obliges its participants not to resort to court adjudication for resolution of disputes. This provision is in accordance with the Brazilian Arbitration Act.

## **ARBITRATION PROCEEDINGS**

The Arbitration Panel offers three types of arbitration proceedings:

- ordinary arbitration;
- summary arbitration; and
- *ad hoc* arbitration (an informal proceeding).

The type of arbitration may be selected in view of the complexity of the matter under dispute, or at the discretion of the parties involved, among other factors.

## **SELECTION OF THE ARBITRATION PROCEEDING**

The party that requests arbitration selects the type of proceeding to be adopted. However, the respondent may apply for a change in the type of proceeding to be adopted.

The Arbitration Tribunal, installed for the resolution of each dispute, is composed of sitting and deputy arbitrators chosen by the parties.

## **ACCESS TO THE TRIBUNAL AND REPRESENTATION OF THE PARTIES**

The parties may represent themselves in the proceeding or, if they so wish, they may be represented by counsel or by duly appointed attorneys-in-fact.

Access to internal hearings and sessions of the Arbitration Tribunal shall be restricted to the parties, their counsel or attorneys-in-fact (as the case may be), and the Arbitration Panel Secretary General.

## **COSTS AND ARBITRATORS' FEES**

Any costs in connection with the arbitration proceedings ("Costs") and arbitrators' fees shall be charged in accordance with the schedule of costs and fees determined by the Market Arbitration Panel ("Schedule of Costs and Fees").

In any arbitration proceeding, at the time the proceeding is commenced, the party that has submitted the request for arbitration shall pay the Costs to the Arbitration Panel. At the end of the case, all Costs in connection with the arbitration proceeding shall be borne by the losing party.

The fees payable to arbitrators shall depend on the type of proceeding adopted (ordinary, summary and *ad hoc* arbitration).

The current Schedule of Costs and Fees is available on the Internet at [www.bovespa.com.br/nm/nm\\_carbitragem\\_nm.htm](http://www.bovespa.com.br/nm/nm_carbitragem_nm.htm).

## **ORDINARY ARBITRATION PROCEEDINGS**

Ordinary arbitration is recommended for the settlement of disputes involving complex issues. In this case, three arbitrators participate in the review and judgment of the dispute.

The party that wishes to refer any dispute to ordinary arbitration shall file a claim with the Arbitration Panel, specifying the relevant facts and furnishing copies of supporting documents. After being served, the respondent shall file an answer specifying all available defenses against the claimant.

- **Settlement Attempt**

The parties shall receive notice to appear at a first hearing, in which an attempt to settle the dispute shall take place.

If the parties reach a settlement, the chairman of the Arbitration Panel shall reduce it to a settlement agreement which shall be enforceable and binding on the parties, having the same force as an arbitration award.

- **Selection Of Arbitrators**

In case the attempt to settle the dispute fails, each party shall appoint two arbitrators (a sitting arbitrator and a deputy arbitrator), preferably from the Arbitration Panel ranks, to make up the Arbitration Tribunal that shall resolve their dispute.

The parties shall mutually agree on a third arbitrator and his deputy from among the other members of the Arbitration Panel. If the parties cannot reach a consensus in this respect, the chairman of the Arbitration Panel shall choose the third arbitrator (and respective deputy) who shall preside over the Arbitration Tribunal.

If the parties so wish, the chairman and the two vice chairmen of the Arbitration Panel may act as arbitrators, in which case their role as arbitrators shall not overlap with their other duties.

Arbitration may also be conducted with the participation of arbitrators who are not members of the Market Arbitration Panel, whose names shall be previously submitted to the analysis of the chairman and the two vice chairmen. In this case, the chairman of the Arbitration Tribunal (the third arbitrator), shall be a member of the Arbitration Panel.

- **Statement Of Independent Status**

The arbitrators and their respective deputies shall sign a Statement of Independent Status, by which they undertake to exercise their duties with the utmost degree of impartiality, independence, competence, diligence and judgment, and state that they have no legal or economic interests in the dispute.

If there is any relevant reason for his refusal to act as an arbitrator in a certain dispute, such arbitrator must refuse to do so as soon as possible. Likewise, upon becoming aware that the arbitrator should become disqualified or under any suspicion of bias, any of the parties shall bring such fact(s) to the knowledge of the Arbitration Panel by providing such reasons and supporting evidence, to the chairman of the Arbitration Panel.

Upon signing the Statement of Independent Status, the arbitrator becomes a trier of fact and of right, and his award shall not be subject to appeal nor shall it be required to be confirmed by the Judiciary Branch.

Upon execution of the Statement of Independent Status, the arbitrators shall draft the Arbitration Terms to be executed by the Arbitration Tribunal and the parties. The Arbitration Terms shall include, among other information, the identification of the parties and description of the facts in dispute.

- **Arbitration Tribunal Decisions and Award**

The Arbitration Tribunal decisions shall be taken by an absolute majority of votes, and the chairman shall cast the last vote.

The arbitration award shall be issued within 20 days of the period for submission of the parties' final arguments to the Arbitration Tribunal.

- **Arbitrators' Fees**

The arbitrators' fees shall be equally shared among all parties to the arbitration, and shall be paid to the Arbitration Panel in monthly installments, during the arbitration proceedings.

## **SUMMARY ARBITRATION PROCEEDINGS**

Summary arbitration proceedings are much simpler, and offer the parties a faster and more affordable alternative for settling their disputes. As a rule, summary arbitration proceedings are advised for simpler disputes, since a single arbitrator shall be responsible for resolving it.

Except for rules set forth below, summary arbitration proceedings shall follow the same procedures as the ordinary arbitration proceedings.

- **Selection Of Arbitrators**

Upon receipt of a claim, the chairman of the Arbitration Panel shall randomly select a single arbitrator to resolve the dispute, unless the parties expressly appoint, by mutual consent and at their sole discretion, one arbitrator for such purpose.

The parties may appoint a nonmember arbitrator. In such case, the nonmember arbitrator's name shall be previously submitted to the chairman and the two vice chairmen of the Arbitration Panel for review and approval.

- **Settlement And Judgment Hearing**

The appointed arbitrator shall schedule a settlement and judgment hearing and attempt to reach a settlement. If such attempt is unsuccessful, the arbitrator shall provide the parties with the Arbitration Terms which shall be signed by the arbitrator and the parties.

- **Conversion Into Ordinary Arbitration Proceedings**

In view of the complex issues underlying a certain dispute, the arbitrator may determine that ordinary arbitration proceedings be adopted. In such case, the parties shall be requested to execute a new Arbitration Term. The arbitrator's decision must be duly justified and shall contain all supporting reasons that led to such a decision.

- **Arbitration Award and Arbitrators' Fees**

The arbitration award shall be issued no later than 48 hours after submission of the final arguments to the Arbitration Tribunal.

Only the losing party shall be liable for payment of the arbitrators' fees at the end of the arbitration proceedings. If summary arbitration proceedings are converted into ordinary arbitration proceedings, the arbitrators' fees related to summary arbitration must be paid upon execution of the Arbitration Terms, and such fees shall be equally borne by all parties to the arbitration.

### **AD HOC ARBITRATION PROCEEDINGS (INFORMAL ARBITRATION)**

The parties may agree to resolve their dispute by means of a simplified proceeding called informal arbitration, laying down their own rules and procedures to be approved by the chairman of the Market Arbitration Panel.

The parties to *ad hoc* arbitration proceedings may, at their own discretion and by mutual agreement, select arbitrators who are not members of the Arbitration Panel, or even select another Arbitration Panel or Center to conduct the dispute resolution proceedings.

- **Arbitrators' Fees and Arbitration Award**

If *ad hoc* arbitration proceedings are conducted by the Arbitration Panel, the arbitrators' fees shall be borne solely by the losing party and shall be paid at the end of the arbitration proceeding.

The arbitration award shall be decided by a majority vote of the arbitrators that make up the Arbitration Tribunal. Any dissenting arbitrator may cast his/her vote separately.

The parties cannot resort to the courts for review or appeal of an arbitration award. The arbitration award shall have the same force as a court judgment and it shall be enforceable in court.

## **CONFIDENTIALITY**

The arbitration award and proceedings shall be afforded confidential treatment. They shall be disclosed solely to the parties involved.

From time to time, the Arbitration Panel shall make public, awards rendered by the Arbitration Tribunal, without disclosing the names of the parties or any other information that may be used to identify them. The same shall apply to information on counsel to the parties, as the case may be. These past decisions may serve as guidelines for future awards, without prejudice to the arbitrators' independence to render such awards.

## **INTERVENTION BY THE COURTS**

If any arbitration award or rule is not complied with, the aggrieved party may resort to the courts to request specific performance of the arbitration award by the recalcitrant party.

The full text of the Arbitration Panel Rules is available on the website [www.bovespa.com.br](http://www.bovespa.com.br)