



Presidency of the Republic
General Secretariat
Deputy Head for Legal Affairs

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Duration

Offers on financial relations between the Union and the Central Bank of Brazil and on the portfolio of securities held by the Central Bank of Brazil for purposes of conducting monetary policy.

THE **PRESIDENT OF THE REPUBLIC** I make it known that the National Congress decrees and I sanction the following Law:

Art. 1 ^{This} Law provides for the financial relations between the Union and the Central Bank of Brazil and on the portfolio of securities held by the Central Bank of Brazil for the purposes of conduct of monetary policy.

Art. 2 The positive result calculated in the balance sheet semi-annual of the Central Bank of Brazil, after the constitution of reserves, will be considered to be an obligation of that entity with the Union and should be subject to of payment until the 10th (tenth) business day following the approval of the half-yearly balance sheet.

§ 1 - During the period between the date of calculation of the result of the balance sheet and the date of actual payment referred to in the **caput**, the obligation referred to in this article shall have the same remuneration as that applied the holdings of Union cash deposited with the Central Bank of the Brazil.

§ 2 - The amounts paid to the Union in the form of the **caput** of this article shall be: intended exclusively for the payment of the Federal Public Debt (DPMF).

Art. 3 The portion of the positive result determined in the half-yearly balance sheet of the Central Bank of Brazil that corresponds to the result positive financial of its operations with foreign exchange reserves and operations with foreign exchange derivatives carried out by him in the domestic market, observing the limit of the full value of the positive result, will be destined to the constitution of income reserve.

§ 1 - For the purposes of this article, it is considered:

I – financial result of operations with foreign exchange reserves: the product between the stock of foreign exchange reserves, calculated in reais, and the difference between its weighted average rate of return, in reais, and the average rate weighted liabilities of the Central Bank of Brazil, including its equity;

II – financial result of operations with foreign exchange derivatives carried out in the domestic market: the sum of the values referring to the periodic adjustments of the foreign exchange derivative contracts signed by the Central Bank of Brazil in the internal market, established by chamber or service provider of clearing, settlement and custody.

§ 2 Joint Normative Act of the Central Bank of Brazil and the Ministry of The Treasury shall regulate the procedure for calculating the financial results What is referred to in § 1 of this article.

§ 3 - The reservation of result referred to in this article may only be used for the purpose provided for in item I of the **caput** of article 4, except for the hypothesis provided for in Article 5 of this Law.

Art. 4 The negative result calculated in the balance sheet The biannual period of the Central Bank of Brazil will be covered, successively, through:

I – reversal of the income reserve constituted in the form of article 3 of this Law;

II – reduction of the institutional assets of the Central Bank of Brazil.

§ 1 - The coverage of the negative result in the form of the **caput** of this article will occur on the date of the balance sheet of the Central Bank of Brazil.

§ 2 - The coverage of the negative result in the form of item II of the **caput** of this article shall only occur until the net worth of the Central Bank of Brazil reaches the minimum limit of 1.5% (one integer and five tenths per one cent) of the total assets existing on the balance sheet date.

§ 3 - If the procedure provided for in the **caput** of this article is not sufficient to cover the negative result, the remaining balance will be considered an obligation of the Union with the Central Bank of Brazil, and should be object of payment until the 10th (tenth) business day of the year following the of the approval of the balance sheet.

§ 4 - During the period between the date of calculation of the result of the balance sheet and the date of actual payment, the Union's obligation to which it deals Paragraph 3 of this article shall have the same remuneration as that applied to cash holdings of the Union deposited with the Central Bank of Brazil.

§ 5 - For payment of the obligation referred to in § 3 of this article, bonds of the internal Federal Public Debt (DPMFi) may be issued appropriate to monetary policy purposes, with characteristics defined by the Minister of State for Finance.

Art. 5 With the prior authorization of the Council 'National Monetary' means the resources in the profit and loss reserve of which Article 3 deals with the limit established in § 2 of Article 4 of this Law, may be allocated to the payment of DPMFi when severe restrictions in liquidity conditions significantly affect its Refinancing.

Art. 6 Whenever, on the 20th (twentieth) day of the month, the net worth of the Central Bank of Brazil reach an amount equal to or less than 0.25% (twenty-five hundredths of a percent) of total assets, Union, until the last working day of the same month, will issue bonds appropriate for the purposes of monetary policy in favour of the Bank, in terms of necessary for your net worth to reach the value of 0.5% (five tenths percent) of total assets.

Single paragraph. The issuance of securities referred to in this article shall take place direct form in favor of the Central Bank of Brazil, without counterpart financial.

Art. 7 Whenever the value of the portfolio of securities of the DPMFi free to negotiate in the power of the Central Bank of Brazil reach percentage equal to or less than 4% (four percent) of your total portfolio of securities, the Union shall issue securities appropriate for the purposes of monetary policy in favour of the Bank, in the amount necessary for its portfolio of securities free for trading reach the value of 5% (five per cento) of the total portfolio.

§ 1 - The DPMFi securities existing in the portfolio of the Central Bank of Brazil that are not subject to an obligation to repurchase resulting from a committed transaction, nor are they linked to collateral margin in operation with derivatives or the loan operation of securities.

§ 2 The Central Bank of Brazil shall permanently monitor the factors conditions of the monetary base and will communicate to the Ministry of Finance whenever your projections indicate that, within ten (10) business days following, the free portfolio of securities shall reach the percentage indicated in the **caput** of this article, and the Federal Government shall, within 5 (five) business days from the communication, make the recomposition of the portfolio in accordance with the **caput** of this article.

§ 3 - The communication to the Ministry of Finance referred to in § 2 of this article will be accompanied by calculation memory that demonstrates the projections of the Central Bank of Brazil for the bond-free portfolio and the quantitative necessary for it to be recomposed up to the percentage indicated in the **caput** of this article.

§ 4 Without prejudice to the provisions of this article, the Central Bank of Brazil and the Ministry of Finance will assess the need for emergency funding of securities whenever there is a possibility of future commitment of portfolio of securities available for the implementation of monetary policy.

§ 5 - The issuance of securities referred to in this article shall take place directly in favor of the Central Bank of Brazil, without financial compensation.

Art. 8 With prior authorization of the Council National Monetary Union, the Union, through the Ministry of Finance, may make the redemption, without financial disbursement in favor of the Central Bank of the Brazil, and the corresponding cancellation of securities free for trading of the Central Bank of Brazil, with a view to reducing the DPMFi.

§ 1 - The redemption and cancellation referred to in this article shall be limited to balance of the institutional assets of the Central Bank of Brazil resulting from the direct issuance of DPMFi securities without financial compensation, also observing the minimum limit established in § 2 of article 4 of this Law.

§ 2 - The Ministry of Finance shall effect the redemption and cancellation of securities and certify the effective reduction in DPMFi within 10 (ten) business days after the authorization of the National Monetary Council referred to in the **caput** of this article.

Art. 9 Law [No. 11,803, of 5 November 2008](#), becomes effective with the following changes:

"[Art. 5º](#) For payment of the amounts referred to in [item II of the caput of art. 9º of Provisional Measure No. 2,179-36, of August 24, 2001](#), may be issued securities of the internal Federal Public Debt (DPMFi) appropriate to monetary policy purposes, with characteristics defined by the Minister of State for Finance." (NR)

"[Art. 10.](#) Joint normative act of the Central Bank of Brazil and the Ministry of The Treasury shall regulate the procedures necessary for the execution of the Provided in the Arts. 2nd and 5th of this Law.

....." (NR)

Art. 10. The following shall be repealed:

I \u2 article 2 [of Provisional Measure No. 179,36-24, of August 2001, <>](#);

II – [articles 3, 4 and 6 of Law No. 11,803, of November 5, 2008](#);

III – [articles 3, 4, 6 and 7 of Law No. 9,069, June 29, 1995](#).

Art. 11. This Law enters into force on the first day of the semester following the date of its official publication.

Paragraph unique. The obligations constituted in the form of [article 2 of the Provisional Measure No. 2,179-36, of August 24, 2001](#), and of [Article 6 of Law No. 11,803, of 5 August 2008. November <>](#), referring to the semester in which this Law is published shall observe, until their actual payment, the legislation in force at the time of their constitution.

Brasilia, May 2, 2019; 198th of Independence and 131st of the Republic.

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