

**Deputy Governor for Regulation**

Prudential and Foreign Exchange Regulation Department

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# Primer of Exchange

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**2018**

## Foreword

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The Banco Central do Brasil has produced this primer to guide and enlighten you, who want to trade foreign currency, on how to meet your needs in a safe and legal manner, especially on small amounts operations.

Here there are essential guidelines to carry out money transfers from abroad to Brazil and from Brazil to abroad.

You will also learn how to trade foreign currency in Brazilian territory for paying your expenses during an international trip.

This primer is available on Banco Central do Brasil website: [www.bcb.gov.br/?PRIMEXCHANGE](http://www.bcb.gov.br/?PRIMEXCHANGE).

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## Introduction

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Whenever someone needs to make a payment or a receipt involving currencies of different countries, either for an international trip, donation, buying or selling goods, or any other reason, it must occur an exchange of currencies, from one country to another country. This characterizes a foreign exchange transaction.

In Brazil, foreign exchange market, where currency exchanges are carried out, is regulated by National Monetary Council and Banco Central do Brasil.

Nowadays, it's not required any government authorization to make remittances from Brazil or even to receive funds from abroad. Currently, foreign exchange transactions with receipt or delivery of foreign currency in cash have been restricted to cases of international trips.

Funds received from abroad by residents have to be exchanged for reais in an institution authorized to trade in foreign exchange market by Banco Central do Brasil. In the same way, foreign currency destined abroad must be acquired in these institutions. Foreign exchange transactions made in violation of these conditions are deemed illegal.

Member institutions of the financial system that may be authorized to trade in foreign exchange market are banks, Caixa Econômica Federal, brokers, dealers and credit societies, finance and investment, and development agencies.

Buying or selling foreign currency related to international trips, as well as unilateral transfers (donations for residents support, even some others), as long as it is limited to equivalent of US\$ 3,000.00, it may also be made in correspondent hired by institutions authorized to trade in foreign exchange market. Any company, regularly authorized to practice business activities, can be hired by financial institutions authorized to trade in the foreign exchange market as its correspondent. The list of correspondents is available on Banco Central do Brasil website [www.bcb.gov.br/?IAMCCCA](http://www.bcb.gov.br/?IAMCCCA).

Finally, international transfers can also be made via Correios (Brazilian Company of Posts and Telegraphs). In addition, funds from abroad can also be received via international cards.

The list of institutions authorized to trade in foreign exchange market can be found on Banco Central do Brasil website at the address [www.bcb.gov.br/?INSTCRED](http://www.bcb.gov.br/?INSTCRED).

Any additional information, including on correspondents hired, can be obtained directly from Banco Central do Brasil – by the address [www3.bcb.gov.br/faleconosco/#/contact-us](http://www3.bcb.gov.br/faleconosco/#/contact-us), by phone (145) – at local call cost – or either in person in the cities where there is representation of this authority.

# 1- Remittance to Brazil

Remittances from abroad to Brazil can be done securely in three different ways: by payment order, by international card or by post.

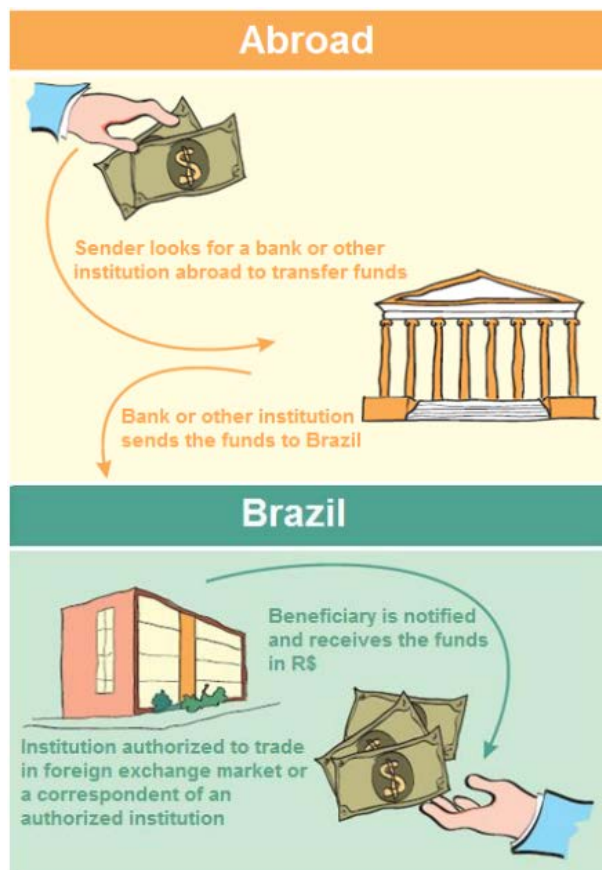
Regardless of the method used, a **sender** and a **beneficiary** for the money are always involved. **Sender** is someone who is abroad and wants to send some money. **Sender** identification must be in accordance with law of the country where contracting takes place. **Beneficiary** is someone who will receive the money in Brazil.

## Remittance by Payment Order

Payment orders may be sent from abroad in foreign currency or in reais, but they will always be paid to residents in Brazil in reais.

Whether payment order is in foreign currency, it will require the fulfillment of a foreign exchange operation in Brazil between **beneficiary** and an institution authorized to trade in foreign exchange market. Exchange rate is the rate negotiated between a **beneficiary** and an authorized financial institution (read chapter 5, Total Effective Value – VET).

Whether payment order is in reais, an exchange operation will be required between **sender** and an institution abroad. **Beneficiary** will receive reais without exchange operation in Brazil. In this case, the bank abroad must keep an account in reais in a bank in the country so that it is possible to make payments and credits to **beneficiary** in Brazil.



**Senders** must find an institution abroad to transfer money to **beneficiaries** in Brazil. It is possible to send foreign currency from abroad through specialized non-financial companies of international money transfers, depending on laws of each country.

To avoid mishaps, it is recommended that **beneficiary of payment order from abroad** previously take some steps such as:

1. search for a financial institution in Brazil authorized to trade in foreign exchange market or, in the case of transfers up to an amount equivalent to US\$ 3,000.00, a correspondent hired by a financial institution, near his residence, and ask for the name of an institution abroad that has point service in the city where the remittance will be contracted;
2. to inform the person who will send the money from abroad about:
  - 2.1. **beneficiary's** information in Brazil (full name, identity card , residential address, reason for remittance, bank, agency and account number for deposit , if there is), and
  - 2.2. identification of the financial institution in Brazil (number, agency and bank identification code used in international transfers).

On the other hand, **sender of funds from abroad** at the time of sending, must provide the institution abroad (bank or transferring funds company) details of **beneficiary** (full name, identity card, residential address, bank number, agency and account of funds, if there is).

If the amount does not exceed R\$ 10,000.00, you can receive in cash or in any payment instrument in use in financial market. Above this amount, only by credit in an account, bank transfer or check.

To receive in reais currency, it is always necessary to **beneficiary** present his identification. In general, banks only request additional documentation in following situations: a) transactions over R\$ 10,000.00 in case of payment orders in reais or b) transactions exceeding equivalent of US\$ 3,000.00 in case of payment orders in foreign currency.

## Sending via international card

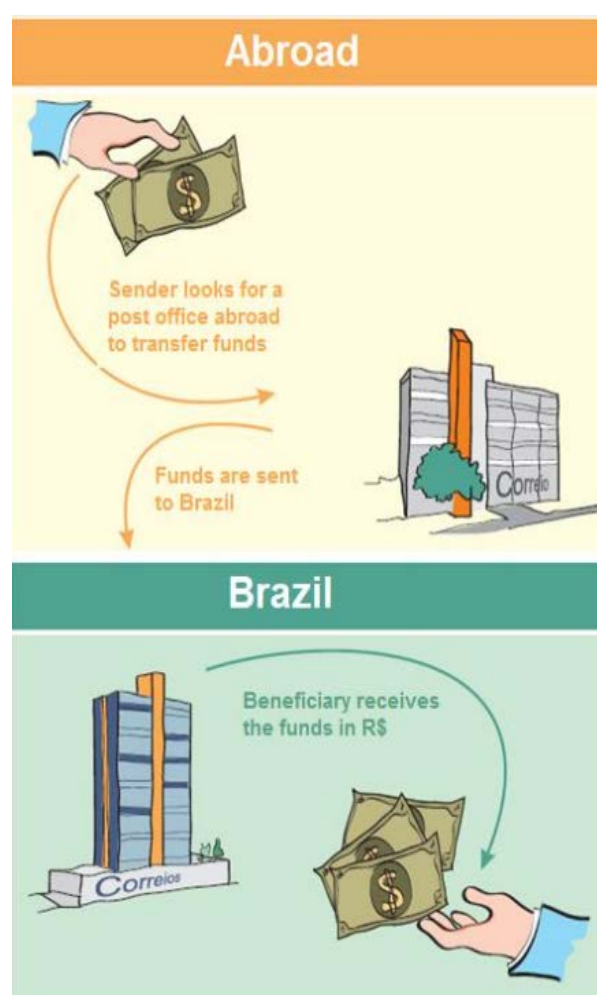
It is possible for Brazilian banks and Caixa Econômica Federal to accept remittances of Brazilians who are abroad through international cards issued abroad. The amount, in reais, can be credited to **sender** himself or a **beneficiary** in a deposit account or savings account in Brazil, or be received in cash directly by a **beneficiary**, as long as it is observed the limit in place of R\$ 10,000.00.

Moreover about remittances, a **sender** abroad can look for an institution that offers transfer services with the use of international card.

## Sending by Post Office

Post offices are authorized to provide international financial transfers service. Sending and receiving amounts are made electronically between Brazil and countries with whom it has agreements.

To know countries with whom Brazil has agreements, limits, rates, deadlines and other conditions of postal transfers, visit [www.correios.com.br](http://www.correios.com.br).



***Important tip: Never use alternative markets.***

Using alternative market, besides illegal, has risks:

1. There is no guarantee that your money arrives in Brazil or abroad. Even if it will be exactly the amount and the form of delivery contracted to transfer those funds.
2. There will not be records of your transfer and it may end up mixed with funds derived from drug or weapons trafficking and other illegal activities. This can bring you unwanted consequences. To avoid problems with foreign authorities, always look for regularly established companies.

Remember that authorized institutions are systematically supervised by authorities, what gives more security to the process of sending and delivering funds and protection of your money.



## 2- Remittance from Brazil

Remittances from Brazil to abroad can be done conveniently and securely by payment order from an institution authorized by Banco Central do Brasil and also by post office. Regardless of method used, there are always involved a sender and a beneficiary for the money. Sender is someone who is in Brazil and wants to send some money. Sender identification must occur in all situations no matter the amount involved. Beneficiary is someone who will receive the money abroad.

### Remittance by payment order

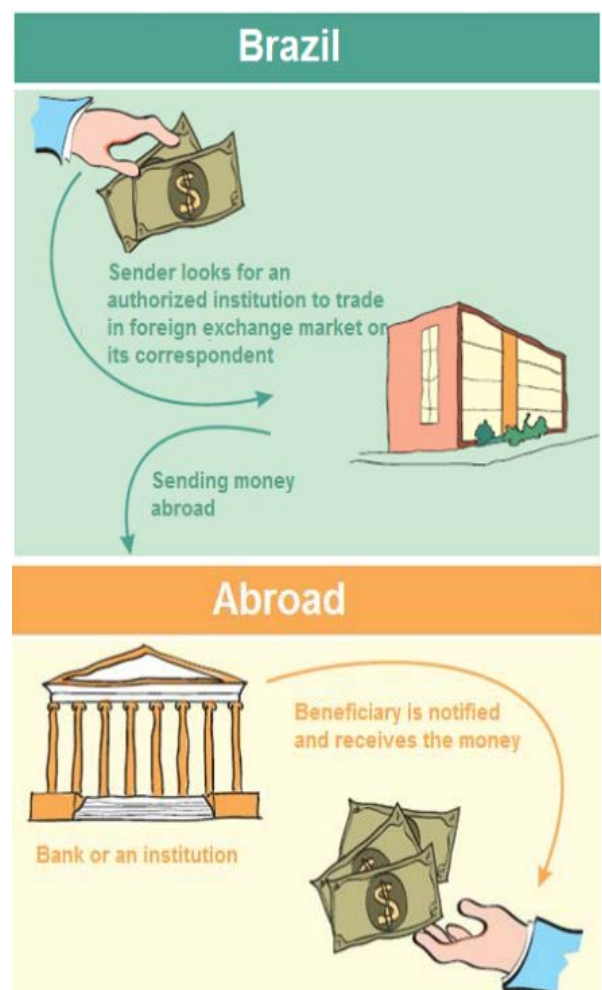
Unlike payment orders from abroad to Brazil, payment orders from Brazil must be made exclusively in foreign currency. The exchange rate must be negotiated between **sender** and institution in Brazil (read chapter 5, Total Effective Value - VET).

To transfer money to a **beneficiary** abroad, **sender** must find an authorized institution in Brazil. It is possible to send amounts through institutions authorized to trade in foreign exchange market and, in case that desired amount is equal or below US\$ 3,000.00, through companies hired (correspondents) by those institutions authorized.

It is possible to acquire foreign currency paying with reais in cash or by any payment instrument in use in the financial market, up to the limit of R\$ 10,000.00. Above this amount, only by debit in an account, bank transfer or check.

**Sender** should look for an institution or correspondent of his choice and get information needed for sending. Then he should obtain this information with the **beneficiary** and report to the institution in Brazil in order to make the remittance.

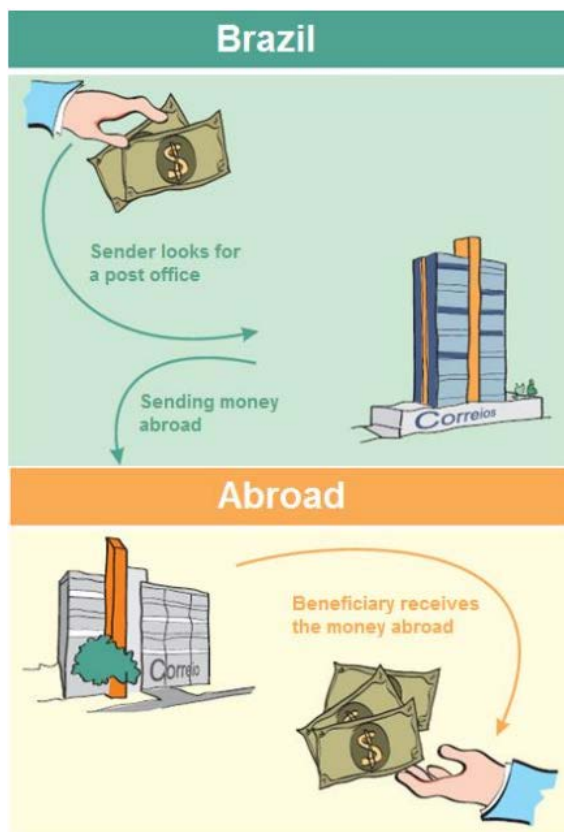
Typically, the most important information is full name and institution address abroad where receiving will take place, furthermore **beneficiary's** identity and address.



## Sending by Post Office

Post offices are authorized to provide international financial transfers service. Sending and receiving amounts are made electronically between Brazil and countries with whom it has agreements.

To know countries with whom Brazil has agreements, limits, rates, deadlines and other conditions of postal transfers, visit [www.correios.com.br](http://www.correios.com.br).



### 3- Travelling Abroad

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When traveling abroad, in case of buying foreign currency, you should look for a bank, a broker or any other authorized institution by Banco Central do Brasil that trades currencies. You can also buy foreign currency in correspondents of authorized institutions. Some institutions offer to their clients banknotes dispensing machines which allow withdraws in foreign currencies.

To locate an authorized institution in Brazil, there is an app for IOS and Android (tablets and smartphones) called Câmbio Legal that was developed by Banco Central do Brasil. This app helps you find places in all over Brazil through information provided by the institutions authorized to trade foreign currency. Through the app, it is possible to consult the Total Effective Value (VET) charged in each operation.

You can also pay your expenses abroad by international card.

In exchanges up to equivalent of US\$ 3,000.00, you just need to present your identification document. If the total buying amount of foreign currency does not exceed R\$ 10,000.00, you can pay to the selling institution with reais in cash or by any payment instrument in use in the financial market. Above this amount, only by debit, bank transfer or check issued.

You do not need to buy all desired amount in foreign currency at once.

If you prefer and your bank offers this service, payments can be made directly to the service or good seller by international card.

Currency withdrawals can also be made directly at ATMs abroad that your bank has an agreement. Withdrawal amounts will be converted to reais and be automatically debited to your account in Brazil (debit card function) or be charged directly to your credit card bill, and in the latter case, interest may be charged, because it is a loan from administrator credit card.

Important note: a person who leaves his country with local currency in an amount exceeding R\$ 10,000,00 or its equivalent in foreign currencies, ought to submit to Customs the Traveller's Electronic Declaration of Goods (e-DBV) – through Internet at the website [www.edbv.receita.fazenda.gov.br](http://www.edbv.receita.fazenda.gov.br) or through Viajantes no Exterior app – and head to customs inspection, at the time of entry or exit from Brazil for verification of this statement declaration. Absence of such statement implies apprehension or even forfeiture of amounts exceeding R\$ 10,000.00, as well as application of criminal sanctions foreseen in Brazilian law.

***Important tip: Never use alternative markets.***

Companies or institutions that operate in Brazilian foreign exchange market without having authorization from Banco Central do Brasil or without being correspondent of whom is authorized, their operation is deemed illegal.

Using alternative market, besides illegal, has risks:

1. There is no guarantee that foreign currency which you are buying is authentic. There are many fake bills circulating worldwide.
2. There is no buying proof for presentation to authorities in order to prove that foreign currency possessed and its origin are legal, so it can be seized.

By using alternative exchange markets, your money may end up mixed with funds derived from drug or weapons trafficking or other illegal activities. This can bring you unwanted consequences. To avoid problems with foreign authorities, always look for regularly established companies.

## 4- Travelling to Brazil

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In Brazil, it is established by the law, as a general rule, that payments for goods and services are made in Real. If Traveler arrived from abroad only with foreign currency, he must exchange foreign currency for Real in any institution authorized to trade in foreign exchange market or their correspondents.

Traveler can receive the total amount obtained from the sale of foreign currency in cash if that does not exceed R\$ 10,000.00.

To locate an authorized institution in Brazil, the Câmbio Legal app helps you find places in all over Brazil through information provided by the institutions authorized to trade foreign currency. Through the app, it is possible to consult the Total Effective Value (VET) charged in each operation.

Another option is to buy reais abroad. If your bank abroad does not yet work with our currency, please clarify that Brazilian regulation already allows foreign banks to buy reais in cash from banks in Brazil.

Cards for international using, including those known as prepaid, are widely accepted in the country. If you prefer and your bank offer this service, withdraws in reais can be made directly on ATMs available by Brazilian banks that have agreements with your bank abroad.

Important Note: People who enter the country with local currency totaling more than R\$ 10,000.00 or its equivalent in other currencies must submit to Customs the Traveller's Electronic Declaration of Goods (e-DBV) statement on amounts values in cash, checks and travelers checks that you are carrying. Absence of such statement implies apprehension or even forfeiture of the amounts exceeding R\$ 10,000.00, as well as application of criminal sanctions foreseen in Brazilian law.

***Important tip: Never use alternative markets.***

Do not sell foreign currency in alternative markets.

People who work improperly in Brazilian foreign exchange market, they are deemed illegal.

By using alternative exchange markets, your money may end up mixed with funds derived from drug or weapons trafficking or other illegal activities. This can bring you unwanted consequences. To avoid problems with foreign authorities, always look for regularly established companies.

## 5- Total Effective Value

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To discover the real total amount of a purchase or sale of foreign currency is important to take into account not only the exchange rate but also the taxes and commissions. That is because not always the place that offers the best exchange rate is what has the best final price after taxes and commissions being considered.

Seeking to facilitate this calculation and to provide a better way to compare, Total Effective Value (VET) concept was designed. Then, to buy or sell foreign currency, be sure to also ask for the VET. It is an obligation to all institutions to provide you, including setting forth the exchange contract or receipt.

The VET is the total amount of reais paid or received per unit of foreign currency on an exchange transaction (e.g. BRL 3.30 per USD). The VET considers exchange rate, taxes (Tax on Credit, Exchange Transactions, Insurance and Securities - IOF) and fees that may be charged, allowing customers to compare the prices available in the market for buying and selling foreign currencies.

The Banco Central do Brasil provides a ranking that facilitate comparisons and analysis of the average VET practiced by institutions, in its website and in Câmbio Legal app. It is also possible to monitor the institutions' performance regarding VETs charged in previous months.

To access this ranking, visit [www.bcb.gov.br/?ENGVET](http://www.bcb.gov.br/?ENGVET).

More detailed information about VET: [www.bcb.gov.br/?ENGVETFAQ](http://www.bcb.gov.br/?ENGVETFAQ).

## 6- Summary - Table

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### Generals Terms

- Mandatory use of local currency (Real) in operations in Brazil.
- Mandatory identification of customers throughout an exchange operation.
- Mandatory buying and selling of foreign currency through only institutions authorized to trade in the foreign exchange market or contracted by such companies
- Requirement of formalizing exchange transactions in contracts, except those equal or below the equivalent of US\$ 3,000.00.
- The signatures on a foreign exchange contract could be formalized under any means of proving authorship and integrity of electronic documents, provided that the parties have accepted such means as valid, in accordance with the legislation in force.

### Remittances (from and to abroad)

#### Where to trade

- Institution authorized to trade in foreign exchange market. List on the address [www.bcb.gov.br?INSTCRED](http://www.bcb.gov.br?INSTCRED).
- For amounts up to equivalent of US\$ 3,000.00, you can also negotiate on any hired company by an institution authorized to trade in foreign exchange market.

#### How to trade

- Customer must go to any of above cited agents, who must provide fulfillment proof of deals. Customer identification is always required.
- For amounts up to equivalent of US\$ 3,000.00 are dispensed of using an exchange contract and of submitting any documents not related to customer identification.

## Buying or selling foreign currency

### where to trade

- Institution authorized to trade in foreign exchange market. List on address [www.bcb.gov.br/?INSTCRED](http://www.bcb.gov.br/?INSTCRED) or through Câmbio Legal app.
- For amounts up to the equivalent of US\$ 3,000.00, it is also possible to trade in any company hired as a correspondent of an institution authorized to trade in the exchange market.
- Some tourism agencies that still hold authorization from Banco Central do Brasil. List on address [www.bcb.gov.br/?IAMCPAIS](http://www.bcb.gov.br/?IAMCPAIS).

### how to trade

- Customer must go to any of above cited agents, who must provide fulfillment proof of deals. Required customer identification.
- For amounts up to equivalent of US\$ 3,000.00 are dispensed of using of an exchange contract and of submitting any documents that are not related to customer identification.
- If the total amount of your purchase or your sale of foreign currency not exceed R\$ 10,000.00, you may pay or receive in cash or any payment instrument in use in financial market. Above this amount, only: deposit, bank transfer or check.



## Transfer through cards issued abroad

### How to do

- Brazilian banks and Caixa Econômica Federal accept remittances of Brazilians who are outside the country by cards issued abroad for credit in a deposit account or savings. These cards can also be used to send payment order in reais in favor of individuals domiciled in Brazil.

## Postal Transfer

### Where to trade

- Post offices, in Brazil and in abroad. To know the insured countries, rates, deadlines and other conditions of postal transfers, visit [www.correios.com.br](http://www.correios.com.br).

### How to trade

- Attend the post office to provide the necessary information.

## International card

- International travelers can pay their expenses in Brazil and abroad, by international cards. Can also withdraw reais in Brazil and foreign currency abroad at ATMs of banks or companies that have agreements with banks in Brazil and abroad.