

**NOTICE OF INVITATION TO TENDER nº 001/2012**

**SELLER: SÃO PAULO MUNICIPAL GOVERNMENT**

**HELD BY: BRAZILIAN SECURITIES, COMMODITIES AND FUTURES EXCHANGE (BM&FBOVESPA)**

**AUCTION FOR THE SALE OF CERTIFIED EMISSION REDUCTIONS (CER)**

The Brazilian Securities, Commodities and Futures Exchange (BM&FBOVESPA), enrolled under the Corporate Taxpayer Registry (CNPJ) number 09.346.601/0001-25, headquartered in the City and State of São Paulo, at Praça Antonio Prado, 48, Brazil, hereinafter referred to as **BM&FBOVESPA**, publicly announces that it shall hold a public **AUCTION** to sell the Certified Emission Reductions (**CER**) held by the Municipal Government of São Paulo, hereinafter referred to as the **MUNICIPAL GOVERNMENT**, pursuant to current Brazilian legislation and applicable international rules governing the Clean Development Mechanism (**CDM**), created in accordance with article 12 of the Kyoto Protocol.

The **AUCTION** and its respective procedures shall be governed by the provisions set forth in this **NOTICE OF INVITATION TO TENDER** and its Annexes, while observing all other applicable national and international rules and regulations.

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## CHAPTER 1 – LEGAL BASIS

- 1.1 The sale of **CER** held by the **MUNICIPAL GOVERNMENT** shall occur pursuant to the provisions set forth in article 41 of São Paulo Municipal Law 14.256, of December 29, 2006, which authorizes their sale.
- 1.2 In view of its particular specialization in managing unique technical services involving trading systems and developing the carbon credit market, particularly with respect to the Brazilian Market for Emission Reductions (MBRE), **BM&FBOVESPA** shall provide its services to the **MUNICIPAL GOVERNMENT**, in order to organize and hold the **AUCTION** for the sale of **CER**.
- 1.3 The **NOTICE OF INVITATION TO TENDER**, its Annexes and all other documents related to the **AUCTION** shall be duly published in the **MUNICIPAL GOVERNMENT**'s Official Gazette and Website ([www.capital.sp.gov.br](http://www.capital.sp.gov.br)), and on the **BM&FBOVESPA** Website ([www.bmfbovespa.com.br/carbonauction](http://www.bmfbovespa.com.br/carbonauction)) at least thirty (30) days before the **AUCTION** date.

## CHAPTER 2 – OBJECT, MINIMUM PRICE, DATE AND TIME

### 2.1 OBJECT

- 2.1.1 The purpose of the **AUCTION** is to sell five hundred and thirty thousand (530,000) **CER**, held by the **MUNICIPAL GOVERNMENT**, generated from the Bandeirantes Landfill Gas to Energy Project, in a single lot corresponding to the total **CER** offered for sale.
- 2.1.2 The **CER**, or carbon credits, held by the **MUNICIPAL GOVERNMENT**, which are the object of the **AUCTION**, were duly issued by the **CDM** Executive Board, in connection with methane gas emission reduction activities implemented in the context of the Bandeirantes Landfill Gas to Energy Project in São Paulo, Brazil (**PROJECT**), registered with the **CDM** Executive Board under number 0164 on February 20, 2006.
  - 2.1.2.1 The **CER** which are the object of the **AUCTION** have been issued into the pending account of the **CDM** Registry, awaiting further instructions to be forwarded to the **WINNING BIDDER** of the **AUCTION**.
- 2.1.3 The **PROJECT** was duly approved by the Brazilian Government on September 12, 2005 through the Inter-ministerial Commission on Global Climate Change, whose original participants were the **MUNICIPAL GOVERNMENT** and Biogás Energia Ambiental S.A. (**BIOGÁS**), both authorized by the Brazilian Government to participate in the **PROJECT**.

2.1.3.1 The **PROJECT** also involves the participation of **KFW BANKGROUP**, of **FORTIS BANK N.V/S.A.** and of **MERCURIA ENERGY TRADING S.A.**, in the capacity of **CER** buyers authorized by the German, Dutch and Swiss Governments respectively, pursuant to the Modalities of Communication as per Annex I to this **NOTICE OF INVITATION TO TENDER**, dated November 22, 2006 (**KFW BANKGROUP**), November 27, 2007 (**FORTIS BANK N.V/S.A.**) and October 14, 2008 (**MERCURIA ENERGY TRADING S.A.**).

2.1.4 Technical information related to the **PROJECT** is available on the following Websites: the **BM&FBOVESPA** Projects Bank ([http://www.bmfbovespa.com.br/shared/lframeHotSiteBarraCanal.aspx?altura=850&idioma=pt-br&url=www.bmf.com.br/bmfbovespa/pages/MBRE/banco\\_projeto\\_s.asp](http://www.bmfbovespa.com.br/shared/lframeHotSiteBarraCanal.aspx?altura=850&idioma=pt-br&url=www.bmf.com.br/bmfbovespa/pages/MBRE/banco_projeto_s.asp)), the Inter-ministerial Commission on Global Climate Change (<http://www.mct.gov.br/index.php/content/view/58112.html>) and the **CDM** Executive Board (<http://CDM.unfccc.int/Projects/DB/DNV-CUK1134130255.56>).

## 2.2 MINIMUM PRICE

2.2.1 The minimum bid price to purchase the **CER** lot shall be calculated based on the application of a twenty percent (20%) discount to the simple arithmetic average of the December 2012 settlement prices for forward sales of Certified Emission Reduction traded on the European Climate Exchange (**ECX**) during the last five trading sessions preceding the last working day before the **AUCTION** date, as published on the **ECX** Website ([www.europeanclimateexchange.com](http://www.europeanclimateexchange.com)), or the vendors' information system.

2.2.2 For the setting of the minimum price, once the calculation of the arithmetic average is made as set out in the item above, the result shall be rounded off to multiples of ten (10) cents of Euro, adopting the following rounding-off criteria:

- a) if the second decimal place is equal or less than five, only the value of the first decimal place is considered;
- b) if the second decimal place is more than five, the first decimal place is rounded up to the immediately higher value.

2.2.3 The minimum price shall be disclosed by **BM&FBOVESPA** on its Website ([www.bmfbovespa.com.br/carbonauction](http://www.bmfbovespa.com.br/carbonauction)) as of

10:00 a.m., Brasília time, on the last working day preceding the **AUCTION** date.

## **2.3 DATE AND TIME**

2.3.1 The **AUCTION** shall take place on June 12, 2012, at 10:30 a.m., Brasilia time (13:30 UCT).

## **2.4 ACCESS TO THE AUCTION SYSTEM**

2.4.1 Access to the **BM&FBOVESPA** Electronic Trading System (**SYSTEM**) through which the **AUCTION** shall take place, shall be provided online via the Website [www.bmfbovespa.com.br/carbonauction](http://www.bmfbovespa.com.br/carbonauction), where duly qualified (items 3.2.4, 3.2.7 and 4.1.3) **BIDDERS** or their **REPRESENTATIVES** (items 3.2.2 and 3.2.3) shall have the opportunity to submit bids for **CERs**, while the general public shall have the opportunity to follow the **AUCTION** in real time.

2.4.2 In the event of problems or difficulties entering bids, **PARTICIPANTS** shall be required to contact the **SUPERVISOR** by e-mail ([leilaocarbono@bvmf.com.br](mailto:leilaocarbono@bvmf.com.br)) to request registration of bids in their names.

2.4.2.1 A request, as set forth in item 2.4.2, shall necessarily include the **PARTICIPANT's** login, password and identification code, in accordance to item 3.2.10, on pain of bid invalidation.

## **CHAPTER 3 – AUCTION PARTIES AND PARTICIPANT QUALIFICATIONS**

### **3.1 PARTIES**

3.1.1 The parties of the **AUCTION** are:

- I – **SUPERVISOR**, or **BM&FBOVESPA**, administrator of the **SYSTEM**, headquartered in the city of São Paulo;
- II – **SELLER**, or the **MUNICIPAL GOVERNMENT**, to be represented by the Adjunct Administration Secretary;
- III – **BIDDERS**, or the parties interested in purchasing the **CER** duly qualified in advance to participate in the **AUCTION** either directly or indirectly;
- IV – **BROKERS**, the **BM&FBOVESPA** participant Brokerage Houses duly qualified in advance to specifically participate in the **AUCTION**;

- V – **SPECIALIZED COMPANIES** and **FINANCIAL INSTITUTIONS** referred to in sub-items II and III of item 3.2.3, duly qualified in advance to participate in the **AUCTION**.
- VI – **BM&F SETTLEMENT BANK**, Banco BM&F de Serviços de Liquidação e Custódia S.A., a financial institution hired by **BM&FBOVESPA**, for the cash settlement of the **AUCTION** and for the management and eventual execution of collateral pledged by the **BIDDERS** and by the **WINNING BIDDER**.
- VII – **CONFIRMING BANK**, the Banco do Brasil S.A., *London Branch*, hired by the **BM&F SETTLEMENT BANK** to confirm the Standby Letters of Credit that are the subject of sub-item II of item 4.1.4.

### 3.2. PARTICIPANT QUALIFICATIONS

- 3.2.1 Any and all legal entities established in Brazil or abroad may participate in the **AUCTION**, either directly or indirectly, as long as they meet the requirements set forth in this **NOTICE OF INVITATION TO TENDER**.
- 3.2.2 Interested parties may qualify to participate directly in the **AUCTION** if they are holders of accounts in the **CDM** Registry, or a national registry of a member state that is linked to the International Transaction Log (ITL), as long as the account is effectively in operation and fulfills the requirements to receive and transfer carbon credits.
  - 3.2.2.1 Interested parties may also qualify to participate directly in the **AUCTION** if they fit into one of the categories below:
    - I – national, state and municipal governments, as well as governments of administrative regions within Parties included in Annex I of the Kyoto Protocol;
    - II – multilateral financing organizations, investment promotion agencies, and national and international development banks which may be involved in developing and financing **CDM** projects and/or **CER** trading;
    - III – investment funds active in the international carbon market duly authorized in advance to operate by the regulatory agency of their respective countries.

3.2.3 Interested parties that do not qualify in any of the categories listed in item 3.2.2 may indirectly participate in the **AUCTION** through a **REPRESENTATIVE PARTICIPANT**, such as:

- I – **BROKER**, duly authorized in advance to trade in the **BM&FBOVESPA** Carbon Market;
- II – **SPECIALIZED COMPANY**, with expertise in originating, structuring and/or intermediating **CER** purchase and sale transactions, which must be a member of the International Emissions Trading Association (**IETA**), or have access to an established exchange where carbon credits are traded, and also be duly authorized in advance to trade in the **BM&FBOVESPA** Carbon Market; or
- III – **FINANCIAL INSTITUTION**, duly authorized in advance to trade in the **BM&FBOVESPA** Carbon Market, which must also be an **IETA** member or have access to an established exchange where carbon credits are traded.

3.2.3.1 The **PARTICIPANTS** referred to in sub-items I to III of item 3.2.3 may also take part in the **AUCTION** as **BIDDERS**, submitting bids in their own names.

3.2.4 The interested parties that wish to participate in the **AUCTION** as **BIDDERS**, either directly or as a **REPRESENTATIVE PARTICIPANT**, shall be required to submit a prior authorization request from the **SUPERVISOR** accompanied by the documents listed in item 3.2.5 by no later than twenty five (25) working days prior to the **AUCTION** date.

3.2.4.1 Authorization requests delivered and/or registered with the **SUPERVISOR** after the time period set forth in item 3.2.4 of this **NOTICE OF INVITATION TO TENDER**, even if posted before that deadline, shall not be accepted.

3.2.5 The authorization request must be sent to the **SUPERVISOR** by mail or any express courier system (to: Praça Antonio Prado, 48, 4 andar, Centro, São Paulo, SP, CEP-01010-901, Brasil A/C: Central de Cadastro de Participantes, Ref.: Leilão de RCE), or by email to leilaocarbono@bvmf.com.br, along with the following documentation duly signed by a legal representative:

- I – Registration Form, duly filled out, as per the model in Annex II;
- II – statement confirming knowledge and acceptance of, adherence to, and compliance with the requirements for

participation and the trading rules set forth in this **NOTICE OF INVITATION TO TENDER**, as per the model in Annex III;

- III – documents evidencing compliance with one of the categories set forth in item 3.2.2 or 3.2.3, as the case may be;
- IV – for the interested parties incorporated in Brazil, the following certificates: (a) certificate attesting that there are no outstanding municipal fiscal debts, issued by the Municipal Government of the locality where the interested party is headquartered; (b) proof of registration in the National Corporate Taxpayer Registry (CNPJ) of the Ministry of Finance (MF); (c) certificate of good standing in the Government Severance Indemnity Fund for Employees (FGTS); (d) certificate of good standing in the National Social Security System (INSS); and (e) statement by the interested party, signed by its legal representative, attesting that no debt is owed to the São Paulo Municipal Government, in the event the interested party is not registered as a taxpayer of this municipality;
- V – the articles of incorporation of the interested institution and corporate document, declaration or similar document that proves the powers of the institution's legal representative;
- VI – the interested parties wishing to qualify as **BIDDERS** indirectly should send a request necessarily accompanied by a private power of attorney, in the form of the model in Annex IV, whereby the **REPRESENTATIVE PARTICIPANT** shall be granted specific powers to represent the **BIDDER** in the **AUCTION**.

3.2.6 The documentation required for the authorization process must be sent in to the **SUPERVISOR** in print, in Portuguese or English, or Spanish and as specified in item 3.2.5, also informing the email address by which all communication shall occur with the **SUPERVISOR**.

3.2.7 The interested parties wishing to qualify and be authorized as **BIDDERS** to participate indirectly by submitting their bids pursuant to the provisions of item 3.2.3 of this **NOTICE OF INVITATION TO TENDER** must request their authorization through a **REPRESENTATIVE PARTICIPANT** within the time period set forth in item 3.2.4.



- 3.2.8 The submitted documentation shall be examined together by the **SUPERVISOR** and the **MUNICIPAL GOVERNMENT**, which shall inform the interested parties of whether or not they have been authorized within twenty (20) working days before the **AUCTION** date, whereas within this same period the **SUPERVISOR** may request, via email at leilaocarbono@bvmf.com.br, any supplementary clarifications which are deemed appropriate.
- 3.2.8.1. The answers to any clarification requests must be sent by the interested party within two (2) working days following their receipt, to leilaocarbono@bvmf.com.br.
- 3.2.8.2 The interested parties that submit supplementary clarifications shall be informed of their authorization or rejection within seventeen (17) working days before the **AUCTION** date.
- 3.2.9 A decision denying authorization to an interested party, in accordance to the terms of item 3.2.8., may only be appealed once to the **SUPERVISOR** and the **MUNICIPAL GOVERNMENT** within five (5) working days following the date on which such decision was notified. The appeal in no way alters the appellant's obligation to pledge collateral by the deadline established in item 4.1.5, 4.1.6 and 4.1.7.
- 3.2.9.1 The appeal shall be decided jointly by the **SUPERVISOR** and the **MUNICIPAL GOVERNMENT** within two (2) working days before the **AUCTION** date, whereas the appeal award shall be informed to the interested party through the e-mail referred to in item 3.2.6.
- 3.2.10 The login and password to access the **SYSTEM** and the **BIDDERS'** identification code shall be sent by the **SUPERVISOR** to the **PARTICIPANTS** authorized for direct access to the **AUCTION**, by e-mail up to one (1) working day before the **AUCTION** is held.

## **CHAPTER 4 - COLLATERAL**

### **4.1 COLLATERAL TO BE PLEDGED BY BIDDERS**

- 4.1.1 All **BIDDERS** shall be required to pledge initial collateral to the amount of fifty thousand Euros (€ 50,000).
- 4.1.1.1 For **PARTICIPANTS** wishing to pledge collateral in Brazil, this amount shall be converted into Brazilian Reals by using the PTAX closing bid quotation for the

exchange rate of Reals per Euro corresponding to the second (2<sup>nd</sup>) working day preceding the pledging of collateral.

4.1.2 The **REPRESENTATIVE PARTICIPANT** may take responsibility for all the obligations of the represented **BIDDERS**, pursuant to item 3.2.7, in which case the **REPRESENTATIVE PARTICIPANT** may pledge a single collateral, in the **REPRESENTATIVE PARTICIPANT**'s own name and in the amount referred to in item 4.1.1, which shall guarantee the obligations arising from the **REPRESENTATIVE PARTICIPANT**'s and the represented **BIDDERS**' participation in the **AUCTION**.

4.1.2.1 The responsibility taken pursuant to item 4.1.2 shall not include the obligations assumed by the **WINNING BIDDER**, whereby the **WINNING BIDDER** must pledge additional collateral foreseen in item 4.1.9 in the **WINNING BIDDER**'s own name.

4.1.2.2 The collateral foreseen in item 4.1.2, presented by the **REPRESENTATIVE PARTICIPANT**, in the case of securities issued by the National Treasury of the Federative Republic of Brazil (item 4.1.4, sub-item I) may be substituted by collateral presented by the **BIDDERS** up to the third (3<sup>rd</sup>) working day before the **AUCTION** date, as long as the new collateral that is pledged are securities issued by the National Treasury of the Federative Republic of Brazil (see item 4.1.4, sub-item I).

4.1.2.3 The collateral duly deposited by the **REPRESENTATIVE PARTICIPANT** and to be substituted as foreseen in the previous item, shall only be released after acceptance of the new collateral presented (4.1.3).

4.1.3 The **SUPERVISOR** shall undertake to obtain advanced confirmation of the collateral constituted by the **BIDDERS** or their **REPRESENTATIVE PARTICIPANTS**, and shall inform its acceptance via e-mail up to one (1) working day before the **AUCTION** is held.

4.1.4 The following shall be eligible as collateral:

- I – securities issued by the National Treasury of the Federative Republic of Brazil, as set out in item 4.1.5; or
- II – standby letter of credit, pursuant to the models in Annex VI and as set out in item 4.1.6; or
- III – cash bonds as set out in item 4.1.7.

4.1.5 When pledging federal securities as collateral, the following must be observed:

4.1.5.1 The securities must be pledged in favor of the **MUNICIPAL GOVERNMENT** as set out in Annex V, and transferred to the custody account of the **BM&F SETTLEMENT BANK** maintained in the Special Settlement and Custody System (SELIC) under number 7970.05.40-8, by three (3) working days before the **AUCTION** is held.

4.1.5.2 On the date that they are pledged as collateral for the **AUCTION** the securities must, if they are to be eligible for the Banco Central do Brasil rediscount, be in one of the following categories: LTN – National Treasury Bills; LFT – Financial Treasury Bills; NTN-B - National Treasury Notes Series B; and NTN-F - National Treasury Notes Series F.

4.1.5.3 The securities shall be evaluated according to their market prices published by the Banco Central do Brasil and verified on the date of their pledge via [www.bcb.gov.br](http://www.bcb.gov.br) (Economy and Finance / Selic – Federal Securities Market / Transactions / Transactions of Federal Securities in the Secondary Market / Considering all of the Trades / Reference Prices / Collateral ), and to the haircut criteria established by the **SUPERVISOR** taking into account exchange rate risk, the devaluation of government securities and other risk factors. The prices at which the securities will be accepted as collateral, considering the application of the haircut, will be published daily by the **SUPERVISOR** on the Website [www.bmfbovespa.com.br/carbonauction](http://www.bmfbovespa.com.br/carbonauction) as of the seventeenth (17<sup>th</sup>) working day before the **AUCTION**.

4.1.6 When pledging standby letter of credit as collateral, the following must be observed:

4.1.6.1 The standby letter of credit must be pledged for confirmation by **CONFIRMING BANK** by fifteen (15) working days before the **AUCTION**.

4.1.6.2 The standby letter of credit must be issued by one of the banks listed in Annex VII of this **NOTICE OF INVITATION TO TENDER** and the confirmed by **CONFIRMING BANK**.

4.1.6.3 Confirmation by **CONFIRMING BANK** of the standby letter of credit referred to in sub-item II of item 4.1.4, is conditional upon the existence of a standing credit limit with operating margin available within the respective credit limits of the issuing banks (Annex VII) at the moment at which the standby letter of credit is received

for confirmation. It is the sole responsibility of the **PARTICIPANTS** to assure that the selected bank as set out in Annex VII is aware of, agrees with and meets such conditions. If **CONFIRMING BANK** does not confirm the standby letter of credit, the collateral shall be considered as not pledged, to all intents and purposes, and any eventual costs incurred are entirely the responsibility of the **PARTICIPANTS**, with no responsibility attributable for such to the **SUPERVISOR**, **BM&F SETTLEMENT BANK** and/or **MUNICIPAL GOVERNMENT**.

4.1.6.4 If **CONFIRMING BANK** does not confirm the standby letter of credit, the **PARTICIPANT** may pledge one of the other forms of collateral foreseen in item 4.1.4 (sub-item I or III), provided that this occurs within the deadline indicated in items 4.1.5.1 and 4.1.7.

4.1.7 When using a cash bond as collateral, a deposit must be made in Euros (€) to the account held in the **BM&F SETTLEMENT BANK** at **Banco do Brasil in LONDON**, using the following information: “Pay To: HSBC Bank PLC, London [SWIFT: MIDLGB22], Account Name: Banco do Brasil, London [SWIFT: BRASGB2L], IBAN: GB96 MIDL 4005 1558 7475 65, For Further Credit to: Banco BMF de Servicos de Liquidacao e Custodia [SWIFT: BBMFBRSP], IBAN: GB67 BRAS 4050 4720 3539 99”, by three (3) working days before the **AUCTION** is held.

4.1.8 Pledged collateral, net of any amounts due to the **SUPERVISOR**, shall not be remunerated nor monetarily adjusted and shall be released following communication by the **SUPERVISOR**:

- I – up to the fourth (4<sup>th</sup>) working day subsequent to the **AUCTION**, for the losing **BIDDERS** or their **REPRESENTATIVE PARTICIPANTS**; or
- II – up to the fourth (4<sup>th</sup>) working day subsequent to: the payment for the **CER**, the inclusion of the **WINNING BIDDER** as participant in the **PROJECT** in accordance to item 5.4.1, the opening of the account referred to in item 5.4.4, the confirmation to the **SUPERVISOR** by the **WINNING BIDDER** of the CER transfer in accordance with item 5.5.5.1, whichever of these occurs last in the case of the **WINNING BIDDER**.

4.1.9 After the **AUCTION** date, the **WINNING BIDDER** shall be required to pledge additional and/or replacement collateral, in

the form of the eligible assets referred to in item 4.1.1, to the amount of thirty per cent (30%) of the total financial amount of the purchased **CER**.

4.1.9.1 The additional and/or replacement collateral foreseen in this item must be in one of the modalities set out in item 4.1.4, within the following deadlines:

- I – up to ten (10) working days when a standby letter of credit is pledged (items 4.1.4, II and 4.1.6); or
- II – up to twenty five (25) working days when federal securities (items 4.1.4, I and 4.1.5) or a cash bond (items 4.1.4, III and 4.1.7) are used.

4.1.9.2 There must be observance, as applicable, of what is set out in item 4.1.4 and thereafter.

4.1.9.3 BM&FBOVESPA must communicate to the **MUNICIPAL GOVERNMENT** when the **WINNING BIDDER** pledges additional collateral, within the deadline of thirty (30) working days from the date the **AUCTION** is held.

4.1.9.4 If the **WINNING BIDDER** does not pledge additional collateral referred to in item 4.1.9, it shall be subject to a fine corresponding to fifty thousand Euros (€ 50,000), that will be paid by collateral execution pledged in terms of item 4.1.1.

4.1.9.5. If the case foreseen in item 4.1.9.4 above occurs, the CER sale shall not be executed and the **AUCTION** shall be revoked. In this case, the **MUNICIPAL GOVERNMENT** shall hold a new auction at its own criteria and convenience.

4.1.10 When the collateral foreseen in the previous item is pledged, it must be valid from that date to at least two hundred and sixty (260) days as of the **AUCTION** date. It also must remain valid until the approval of the **AUCTION** result.

4.1.10.1 If the payment foreseen in item 5.5.2 has not been made by twenty (20) working days before expiration of the collateral that is the subject of item 4.1.9, the **WINNING BIDDER** must renew it at least fifteen (15) working days before it expires, by:

- (i) pledging federal securities as set out in sub-item I of item 4.1.4; or
- (ii) depositing a cash bond in Euros to the amount of thirty per cent (30%) of the total financial amount of

the purchased **CER** while observing, as applicable, what is set out in items 4.1.4 III and 4.1.7.

4.1.10.2 If the collateral pledged by the **WINNING BIDDER** expires after the payment foreseen in item 5.5.2, but before the approval of the **AUCTION**, it will not be necessary to renew the collateral, but the value deposited for the cash settlement of the trade shall be used as a cash bond and will be executed in the case of one of the settlement errors foreseen in item 5.6.

4.1.11 Pledged collateral shall be used to cover penalties incurred by full or partial failure to observe the obligations of this Notice of Invitation to Tender and may be executed by the **BM&F Settlement Bank**, on the order of the **SUPERVISOR**:

- I – in the event that the **WINNING BIDDER** fails to complement / replace the collateral as set forth in item 4.1.9, or fails to deposit the total financial amount of the purchased **CER** as set forth in items 5.5.2 and 5.7.1; or
- II – in the event that the rules set forth in this **NOTICE OF INVITATION TO TENDER** are violated and the corresponding fines, if any, are not paid; or
- III - in the event of the non-renewal of the collateral pledged by the **WINNING BIDDER**, as set forth in item 4.1.10.1.

## CHAPTER 5 – AUCTION PROCESS

### 5.1 AUCTION ORGANIZATION

- 5.1.1 The **AUCTION** shall be held through the **SYSTEM**, under the command of the **SUPERVISOR**, represented by the Trading Officer of BM&FBOVESPA, and it may be accessed by the **PARTICIPANTS** and the public in general through the Website [www.bmfbovespa.com.br/carbonauction](http://www.bmfbovespa.com.br/carbonauction).
- 5.1.2 **AUCTION** and **AUCTION**-related proceedings shall meet the conditions set forth in this **NOTICE OF INVITATION TO TENDER**.
- 5.1.3 The **SYSTEM**'s technical specifications are defined in the document "Functionalities of the BM&FBOVESPA Carbon Credit Trading System – User's Manual," which is included in Annex VIII of this **NOTICE OF INVITATION TO TENDER**.
- 5.1.4 The **SUPERVISOR** shall be responsible for compliance with the rules related to the trading and settlement of the transactions

referred to in this **NOTICE OF INVITATION TO TENDER**, as well as for the following activities:

- I - **AUCTION** organization and management;
- II - assessment with the **MUNICIPAL GOVERNMENT** of the documentation required from the parties interested in qualifying as **PARTICIPANTS**;
- III - **PARTICIPANT** registration;
- IV - analysis of pledged collateral in the terms of this **NOTICE OF INVITATION TO TENDER**;
- V - operation of the **SYSTEM**;
- VI - cash settlement of performed transactions;
- VII - any treatment of pledged collateral; and
- VIII- exclusion of **PARTICIPANTS** that violate the rules set forth in this **NOTICE OF INVITATION TO TENDER**.

5.1.5 The **AUCTION** shall be held in a single Trading Session, as set out in item 5.2.8.

5.1.6 Bids shall be offered by the **BIDDERS**, directly or through their **REPRESENTATIVE PARTICIPANTS**, by placing orders into the **SYSTEM**, in observance of the conditions set forth in this **NOTICE OF INVITATION TO TENDER**.

5.1.7 The specification of quantity, price and **BIDDER** identification code shall necessarily be included in the bid for order registration purposes.

5.1.7.1 The specified quantity shall always be five hundred and thirty thousand (530,000) **CER**.

5.1.7.2 The price must be set in Euros and shall be equal to or higher than the minimum price referred to in item 2.2 of this **NOTICE OF INVITATION TO TENDER**.

5.1.7.3 The tick size shall be in multiples of ten Euro cents (€0.10).

5.1.8 Each **BIDDER** shall be entitled to one bid during the **AUCTION**, which may subsequently be modified provided such modification is intended to increase the price previously submitted by the corresponding **BIDDER**.

5.1.9 A submitted bid shall not be subject to cancellation unless by decision of the **SUPERVISOR** against a substantiated request from the corresponding **PARTICIPANT**.

- 5.1.9.1 The cancellation request must be sent to the **SUPERVISOR** by using the **SYSTEM** messaging tool, or e-mail (leilaocarbono@bvmf.com.br).
- 5.1.9.2 A possible decision by the **SUPERVISOR** to deny a cancellation request shall not be subject to appeal.
- 5.1.9.3 Should a bid be cancelled, the **SUPERVISOR** shall notify the other **PARTICIPANTS** through the **SYSTEM**.
- 5.1.10 The **AUCTION** shall last not less than thirty (30) minutes, but it might be extended for a period in the event that:
- I – a price dispute takes place pursuant to the provisions of item 5.2.7 of this **NOTICE OF INVITATION TO TENDER**;  
or
  - II – technical problems are experienced by the **SYSTEM**.
- 5.1.11 The transaction is considered closed upon the declaration of the end of the **AUCTION** by the **SUPERVISOR**.
- 5.1.11.1 Immediately after the end of the **AUCTION**, the **SUPERVISOR** shall register in the **SYSTEM** an order to sell the **CER** in the name of the **MUNICIPAL GOVERNMENT**, in the same quantity and at the same price as those of the best bid registered in the **AUCTION**, solely for matching purposes.
- 5.1.12 By no later than the working day subsequent to the **AUCTION** date, the **SUPERVISOR** shall disclose on its Website ([www.bmfbovespa.com.br/carbonauction](http://www.bmfbovespa.com.br/carbonauction)) the minutes of the **AUCTION** describing its events, such as submitted bids, the electronic messages sent by the **SUPERVISOR** and the **PARTICIPANTS** and, should the transaction be closed, the corresponding data with the name of the **WINNING BIDDER** and the price.
- 5.1.13 The **SUPERVISOR** shall send a statement to the **WINNING BIDDER** showing transaction details by no later than the working day following the **AUCTION**.

## 5.2 AUCTION PROCEDURES

- 5.2.1 The **AUCTION** trading session shall be initiated by the **SUPERVISOR** at the time defined in this **NOTICE OF INVITATION TO TENDER** by means of a message to be sent to the **PARTICIPANTS** through the **SYSTEM**, in order to officially open the **AUCTION**.



- 5.2.2 After that message is sent by the **SUPERVISOR**, bids shall be entered into the **SYSTEM** by the **BIDDERS**, and they shall be classified in a decreasing priority order for trading purposes, under the exclusive criterion of higher price.
- 5.2.3 In the event that more than one order presents equal bid prices, the chronology of the orders shall prevail for trading purposes, at all times prioritizing the oldest bid.
- 5.2.4 The **BIDDERS** can only modify their orders by submitting new bids at a price higher than those previously presented by the corresponding **BIDDER**.
- 5.2.4.1 No modifications to reduce a price previously submitted by the **BIDDERS** shall be accepted.
- 5.2.4.2 A bid cancellation shall be subject to a prior concurrence of the **SUPERVISOR**, pursuant to the provisions of item 5.1.9 of this **NOTICE OF INVITATION TO TENDER**.
- 5.2.5 Should a **BIDDER** modify the bid price pursuant to the provisions of item 5.2.4, the order shall be reclassified by the **SYSTEM**, which shall take into account the new price and registration time of the modified bid for trading purposes.
- 5.2.6 At the end of the **AUCTION**, it shall be closed by the **SUPERVISOR** through a signaling procedure called “under the electronic hammer” to be sent through the messaging tool, whereby each “fall of the hammer” is fed into the **SYSTEM** to alert the **PARTICIPANTS**.
- 5.2.7 The **AUCTION** shall be closed after three (3) consecutive electronic hammerings. The counting shall be reinitiated within one (1) minute before the third electronic hammering, whenever any of the following events occur:
- I – a new order with the highest bid price is registered; or
  - II – the order with the highest bid price registered till that time is cancelled.
- 5.2.8 In the event of a **SYSTEM** failure, the **AUCTION** shall be suspended and reinitiated in order to ensure its thirty (30)-minute duration. Should the **SYSTEM** not restart operations by midday of the same working day of the failure, the **AUCTION** shall be reinitiated on the following working day at the same hour, considering the **AUCTION**'s elapsed time and registered bids on the day the **SYSTEM** failed. Should the **SYSTEM** restart operations by midday of the same working day of the failure, the

**SUPERVISOR** shall notify the **BIDDERS**, reinitiating the auction within fifteen (15) minutes of this communication. Notification by the **SUPERVISOR** shall be made by a message sent through the **SYSTEM** and via e-mail or telephone - given in the Registration Form – to the **PARTICIPANT** or **REPRESENTATIVE PARTICIPANT**.

### 5.3 TRADE SETTLEMENT

5.3.1 Trade settlement shall consist of:

- I – the cash settlement of the total value of the **AUCTION** purchased **CER** and corresponding payment to the **MUNICIPAL GOVERNMENT**; and
- II – the physical delivery of the **CER**, with transfer of ownership to the **WINNING BIDDER**.

5.3.2 The **MUNICIPAL GOVERNMENT** shall take responsibility for proper and orderly **CER** forwarding to the **WINNING BIDDER**. The **WINNING BIDDER** must then provide all documentation evidencing approval of the **WINNING BIDDER's** participation in the **PROJECT** issued, under the **CDM** rules, by a Designated National Authority (**DNA**) of the **WINNING BIDDER**'s choice.

5.3.3 Cash settlement shall be executed by the **BM&F SETTLEMENT BANK**, under the coordination of the **SUPERVISOR**.

5.3.4 The transaction shall be settled, in accordance with the procedures set forth in this **NOTICE OF INVITATION TO TENDER**, by means of the forwarding of the **CER** into the account within the scope of the **CDM** Registry, as informed by the **WINNING BIDDER**, or into a National Registry System linked to the International Transaction Log (ITL). This shall only occur upon the full deposit of the value offered in the **AUCTION**, plus the respective trading costs foreseen in item 5.7.

5.3.5 Under no circumstances shall **BM&FBOVESPA**, its Clearinghouses and the **BM&F SETTLEMENT BANK** take the counterparty position for the purpose of the settlement of the transaction closed at the **AUCTION**, in conformity with Law 10.214, of March 27, 2001, and applicable regulation.

### 5.4 PHYSICAL DELIVERY

5.4.1 Within five (5) working days after communication of additional collateral, as foreseen in item 4.1.9, the **MUNICIPAL GOVERNMENT** and **BIOGÁS** shall provide the selected **DNA** of the **WINNING BIDDER**'s choice with the documentation required to obtain the letter of approval for the **WINNING**

**BIDDER** to act as a **PROJECT** participant. The **MUNICIPAL GOVERNMENT** must communicate this fact to the **SUPERVISOR**.

5.4.1.1 In the event that the **WINNING BIDDER** is incorporated in Brazil, the **SUPERVISOR** shall send the **DNA** the documentation needed to update the **PROJECT**, in order to add the **WINNING BIDDER** as its new participant.

5.4.1.2 The **WINNING BIDDER** hereby declares that it shall not be involved in the decision making of any kind related to the issuance and distribution of the **CER**, except for those purchased in the **AUCTION**, and that it shall specifically and irrevocably authorize the **MUNICIPAL GOVERNMENT** and **BIOGÁS** to decide on any subject matter related to **CER** resulting from the **PROJECT**.

5.4.1.3 The **MUNICIPAL GOVERNMENT** and **BIOGÁS** shall remain as the sole parties authorized to communicate with the **CDM** Executive Board and Secretariat with respect to any amendments to the **PROJECT** participants and/or any relevant subject matters concerning the **PROJECT**, especially with respect to any and all instructions concerning **CER** issuance and distribution and/or allocation, as well as the Modalities of Communication which shall be jointly signed by the **MUNICIPAL GOVERNMENT** and **BIOGÁS** as Focal Points before the **CDM** Executive Board.

5.4.2 Within ninety (90) days after the **AUCTION** date, the **WINNING BIDDER** shall be required to provide the **MUNICIPAL GOVERNMENT**, at the address Viaduto do Chá, nº15, 12º andar, Centro, with a copy of the letter of approval, duly issued by **DNA** of the **WINNING BIDDER**'s country of choice, which shall contain the authorization for the **WINNING BIDDER** to act as a **PROJECT** participant, sending by e-mail to leilaocarbono@bvmf.com.br a copy of the letter to the **SUPERVISOR**.

5.4.3 The **MUNICIPAL GOVERNMENT** shall send the **CDM** Executive Board, within five (5) working days after receipt, the amended Modalities of Communication duly filled out and initialed by the parties responsible for the **PROJECT**, accompanied by the letter of approval (item 5.4.2) containing the request as the inclusion of the **WINNING BIDDER** as a **PROJECT** participant. The **SUPERVISOR** shall be informed that this information has been sent.

- 5.4.3.1 The Modalities of Communication shall be signed by the **PROJECT**'s Focal Points and make reference to the exact number of **CER** traded in the **AUCTION**. It shall be incumbent on the **MUNICIPAL GOVERNMENT** to obtain the signatures of all other **PROJECT** participants.
- 5.4.3.2 The **WINNING BIDDER**, like all other **PROJECT** participants shall be required to sign the new version of the Modalities of Communication, notwithstanding that under no circumstance will the **WINNING BIDDER** be considered a Focal Point of the **PROJECT**.
- 5.4.4 Should the **WINNING BIDDER** not hold an account in its name in the **CDM** Registry, the **WINNING BIDDER** shall be required to issue a request for the opening of such account within five (5) working days after its inclusion by the **CDM** Executive Board as a **PROJECT** participant, except if the **WINNING BIDDER** holds an account, appropriate for the receipt and transfer of carbon credits, in a National Registry System linked to the International Transaction Log (ITL).
- 5.4.4.1 The **MUNICIPAL GOVERNMENT** shall be notified within working five (5) days of establishment of an account in the **CDM** registry, and the **MUNICIPAL GOVERNMENT** shall notify the **SUPERVISOR** forthwith.
- 5.4.5 Establishing an account in the **CDM** Registry or in an account in a National Registry System linked to the ITL, appropriate for the receipt and transfer of carbon credits, must be notified by the **WINNING BIDDER** to the **SUPERVISOR** and the **MUNICIPAL GOVERNMENT** within the time frame referred to in item 5.4.4, via the e-mail addresses [leilaocarbono@bvmf.com.br](mailto:leilaocarbono@bvmf.com.br) and [leilaorce@prefeitura.sp.gov.br](mailto:leilaorce@prefeitura.sp.gov.br).
- 5.4.5.1 Within ten (10) working days from the communication by the **SUPERVISOR** to the **MUNICIPAL GOVERNMENT**, referred to in item 5.5.2 and duly supported by the documents that prove execution of the deposit by the **WINNING BIDDER** of the **AUCTION**, the **MUNICIPAL GOVERNMENT** shall send to the **CDM** Executive Board the request to forward the **CER** traded in the **AUCTION** to the account indicated by the **WINNING BIDDER**, notifying the **SUPERVISOR**.
- 5.4.6 The **MUNICIPAL GOVERNMENT** shall be responsible for the proper and correct forwarding of the **CER** traded in the

**AUCTION**, undertaking whatever measures are necessary vis-à-vis all other **PROJECT** participants and the **CDM** Executive Board, in order to transfer the **CER** ownership in the manner set forth in this **NOTICE OF INVITATION TO TENDER** and in applicable national and international regulations.

5.4.6.1 The **MUNICIPAL GOVERNMENT** and **BIOGÁS**, both in the capacity of **PROJECT** participants and Focal Points, hereby commit, irrevocably and irreversibly, to effect the **CER** forwarding to the **WINNING BIDDER**.

5.4.7 The **MUNICIPAL GOVERNMENT** and the **WINNING BIDDER** shall be responsible for undertaking all measures that are incumbent on them under the provisions of this **NOTICE OF INVITATION TO TENDER**, for physical delivery.

5.4.8 After the **CER** are forwarded to the account of the **WINNING BIDDER**, the **MUNICIPAL GOVERNMENT** shall inform the **SUPERVISOR** that the physical delivery procedures have been effected.

## 5.5 CASH SETTLEMENT

5.5.1 The **AUCTION** cash settlement and any collateral execution shall both be performed through the **BM&F Settlement Bank**.

5.5.2 Within ten (10) working days after the **CDM** Executive Board and **SECRETARIAT** have included the **WINNING BIDDER** as **PROJECT** participant, the **WINNING BIDDER** shall deposit the funds corresponding to the bid price accepted for the **CER** in the **AUCTION** plus the **AUCTION**'s trading costs, in observance of the provisions set forth in item 5.7, in an account indicated by **BM&FBOVESPA**.

5.5.2.1 Should the **WINNING BIDDER** be resident in Brazil, the cash settlement in Reals must be made at the account 379-6 held by the **SUPERVISOR** at the **BM&F SETTLEMENT BANK** (96), agency 0001, through an Available Electronic Transfer (TED).

5.5.2.2 Should the **WINNING BIDDER** be a non-resident in Brazil, the cash settlement must be effected abroad in Euro through deposit in the account held in the **BM&F SETTLEMENT BANK** at **Banco do Brasil in London**, using the following information: "Pay To: HSBC Bank PLC, London [SWIFT: MIDLGB22], Account Name: Banco do Brasil, London [SWIFT: BRASGB2L], IBAN: GB96 MIDL 4005 1558 7475 65, For Further Credit to: Banco BMF de Servicos de

Liquidacao e Custodia [SWIFT: BBMFBRSP], IBAN: GB67 BRAS 4050 4720 3539 99.”.

- 5.5.3 Should payment be made by the **WINNING BIDDER** in Brazil, (5.5.2.1) the amount to be transferred shall be calculated based on the conversion of the amount due in Reals by the PTAX closing bid quotation for the exchange rate of Reals per Euro prevailing two days preceding the payment date.
- 5.5.4 Confirmation of the funds transfer by the **WINNING BIDDER** together with the establishment of an account referred to in 5.4.4 and inclusion as a participant in the **PROJECT**, shall be a precondition for the transfer of the **CER** traded in the **AUCTION**.
- 5.5.5 Within ten (10) working days after the transfer of the **CER** - that is, after the **SUPERVISOR** has received confirmation from the **WINNING BIDDER** of this transfer - the **SUPERVISOR** shall transfer the amount in local currency to the account indicated by the **MUNICIPAL GOVERNMENT**.
- 5.5.5.1 The **WINNING BIDDER** shall forward the above mentioned confirmation to the **SUPERVISOR** within ten (10) working days after the **CER** transfer.
- 5.5.5.2 The foreign exchange contract for entry to Brazil of the resources paid by the **WINNING BIDDER** shall be drawn up by the **BM&F SETTLEMENT BANK** and the **MUNICIPAL GOVERNMENT**, at the market exchange rate prevailing upon closing the said foreign exchange contract in the name of the **MUNICIPAL GOVERNMENT**.

## 5.6 HANDLING SETTLEMENT ERRORS

- 5.6.1 Errors in the settlement process may be characterized by the failure of one or more of the following events to occur within the time frame and conditions specified in this **NOTICE OF INVITATION TO TENDER**:
- I – delivery of letter of approval referred to in item 5.4.2;
  - II – request for inclusion of the **WINNING BIDDER** as a **PROJECT** participant pursuant to item 5.4.3;
  - III – request to open or make available a working account, appropriate for the receipt and transfer of carbon credits, in the **CDM** Registry, or an account in a National Registry System linked to the ITL, pursuant to item 5.4.4;

- IV – request for the **CER** forwarding referred to in sub-item 5.4.5.1;
  - V – payment referred to in item 5.5.2;
  - VI – confirmation with the **SUPERVISOR** by the **WINNING BIDDER** of the effective transfer of the traded **CER**, as set forth in item 5.5.5.1; and/or
  - VII – renewal of the collateral, when applicable, as set forth in item 4.1.10.1.
- 5.6.2 Should the **WINNING BIDDER** not renew the collateral as foreseen in item 4.1.10.1 or make the deposit referred to in item 5.5.2, it shall be subject to a fine corresponding to thirty percent (30%) of the total financial amount offered in the Auction for the purchase of the **CER**.
- 5.6.3 Should the **WINNING BIDDER** not obtain the letter of approval from the **DNA** of the country of its choice to be able to act as a **PROJECT** participant, or should the **WINNING BIDDER** not inform about its account (or account request), appropriate for the receipt and transfer of carbon credits, in the **CDM** Registry, or a National Registry System linked to the ITL, within the time frame referred to in this **NOTICE OF INVITATION TO TENDER**, the **WINNING BIDDER** shall be subject to a fine corresponding to twenty percent (20%) of the total financial amount of the purchased **CER**.
- 5.6.4 Should the **CDM** Executive Board, for whatever reason, refuse to accept the inclusion of the **WINNING BIDDER** as a **PROJECT** participant, this refusal shall also be considered a settlement error and shall subject the **WINNING BIDDER** to a fine corresponding to ten percent (10%) of the total financial amount of the purchased **CER**.
- 5.6.5 After the **CER** transfer has been executed, should the **WINNING BIDDER** not confirm receipt to the **SUPERVISOR** within the deadline foreseen in item 5.5.5.1, the **SUPERVISOR** shall request that the **MUNICIPAL GOVERNMENT** prove the execution of the transfer of the **CER** to the **WINNING BIDDER** by presentation of the respective supporting documents, at which moment the deadline of ten (10) working days shall begin for the **SUPERVISOR** to execute the transfer of resources foreseen in item 5.5.5.
- 5.6.6 The fines established in items 5.6.2 and 5.6.4 must be paid within five (5) working days after notification by the **SUPERVISOR** to the **WINNING BIDDER**, to an account indicated by the **SUPERVISOR**.

Notification about the subject of this item can be by e-mail or other means of correspondence, at the discretion of the **SUPERVISOR**.

- 5.6.7 In the case of a failure to settle as foreseen in items 5.6.2, 5.6.3 and 5.6.4, the **CER** sale shall not be executed and the **AUCTION** shall be revoked, with it being in the power of the **MUNICIPAL GOVERNMENT** to hold a new auction at its own criteria and convenience.
- 5.6.8 Should the **WINNING BIDDER** not pay the fines within the time frame referred to in this **NOTICE OF INVITATION TO TENDER**, the **BM&F SETTLEMENT BANK** shall execute the pledged collateral proportionately, releasing the remaining balance, if any, to the **WINNING BIDDER** after the conclusion of the execution of the amount due.
- 5.6.9 In the case of the **MUNICIPAL GOVERNMENT** not notifying the **SUPERVISOR** about effecting the execution of the deposit referred to in item 5.4.5.1, the **SUPERVISOR** shall return the deposit relative to the financial amount of the purchased **CER** to the **WINNING BIDDER** within fifteen (15) working days as of the date on which the **SUPERVISOR** informs the **MUNICIPAL GOVERNMENT** about the execution of the deposits, with no correction.

## 5.7 TRADING COSTS

- 5.7.1 The **WINNING BIDDER** shall bear a cost equivalent to twenty five hundredths of a percent (0.25%) of the winning bid multiplied by the quantity of **CER** auctioned, to be payable within the time frame and in the manner referred to in item 5.5 of this **NOTICE OF INVITATION TO TENDER**, due to the operational costs of the **AUCTION**.
- 5.7.2 The amount referred to in this item shall be an integral part of **AUCTION**'s cash settlement amount as described in item 5.5.2 and shall be added to the value of the transaction upon payment by the **WINNING BIDDER**.

## CHAPTER 6 – LIABILITIES AND OBLIGATIONS

- 6.1 The **SUPERVISOR** shall not be responsible for:
- I – problems resulting from errors relating to Internet access, the Internet service provider adopted by the **BIDDER** or by the **BIDDER**'s **REPRESENTATIVE PARTICIPANTS**, telecommunications services and/or any other events that impede Internet access to the **SUPERVISOR**'s **SYSTEM**;



- II – any technical incompatibilities of the equipment and/or software used by the **BIDDER** or the **BIDDER's REPRESENTATIVE PARTICIPANTS** with the **SYSTEM**, as well as related to the equipment/software origin; or
  - III – losses, damages or failure by the **BIDDER** or **REPRESENTATIVE PARTICIPANTS**, including vis-à-vis third parties, resulting from the **AUCTION**.
- 6.2 The **WINNING BIDDER** shall not be charged for any additional expenses arising from the **AUCTION** physical delivery and cash settlement, except for those expressly referred to in this **NOTICE OF INVITATION TO TENDER**.
- 6.3 Nothing contained in this **NOTICE OF INVITATION TO TENDER** or any other prior or future understanding held between the interested parties shall be construed to mean that the **SUPERVISOR**, the **PARTICIPANTS** or any other party or third party are members of a same economic group or joint venture.
- 6.4 Unless otherwise provided in this **NOTICE OF INVITATION TO TENDER**, each one of the parties shall be responsible for the taxes to which they are subject by applicable tax legislation. Should one party be required to bear another party's tax obligation, the former shall be duly reimbursed for the expenses thus incurred.
- 6.5 The **SUPERVISOR** is not a **PROJECT** participant. The **SUPERVISOR** shall only provide the **SYSTEM** for the trading of the **CER**, having no interference in the **PROJECT** whatsoever, whether technically or legally, directly or indirectly, in such a manner that it is directly or indirectly involved with the **CER** generation activities object of the **AUCTION**.

## **CHAPTER 7 – SUPERVENING FACTS AND FORCE MAJEURE**

- 7.1 The procedures and acts referred to in this **NOTICE OF INVITATION TO TENDER** shall be directly subordinated to the success of the different phases of the **AUCTION**. In the emergence of supervening facts after publication of this **NOTICE OF INVITATION TO TENDER**, such as changes in the applicable national or international legal system, or legal or administrative decisions that may adversely affect the **AUCTION**, the following may occur:
- I – postponement or cancellation of the **AUCTION**;
  - II – modification either partially or totally of this **NOTICE OF INVITATION TO TENDER**, which must then be republished with new time frames; or

III – rescindment of this **NOTICE OF INVITATION TO TENDER**.

7.1.1 The occurrence of any of the acts referred to in item 7.1 of this **NOTICE OF INVITATION TO TENDER** shall not directly or indirectly imply, at any time and under whatever conditions, an obligation of the **MUNICIPAL GOVERNMENT** or the **SUPERVISOR** to reimburse or indemnify the **BIDDER** or any third parties that may possibly have been harmed.

7.2 Should any information contained in this **NOTICE OF INVITATION TO TENDER** and its Annexes be modified and/or amended after publication of this **NOTICE OF INVITATION TO TENDER**, the modified and/or amended information must be made public through the same means as those through which this **NOTICE OF INVITATION TO TENDER** was first published.

## **CHAPTER 8 – GENERAL PROVISIONS**

8.1 The authorization of any **PARTICIPANT** in the **AUCTION** shall imply unconditional, irrevocable and irreversible acceptance of its terms, rules and conditions, as well as of its Annexes and of all other documents that shall be disclosed and/or published as a result of this **NOTICE OF INVITATION TO TENDER**.

8.2 Any and all additional clarification requests related to this **NOTICE OF INVITATION TO TENDER** and its Annexes may be directly sent to the **SUPERVISOR** at the e-mail address [leilaocarbono@bvmf.com.br](mailto:leilaocarbono@bvmf.com.br).

8.3 Any and all additional clarifications that may be published by the **SUPERVISOR** at [www.bmfbovespa.com.br/carbonauction](http://www.bmfbovespa.com.br/carbonauction), no later than the working day immediately preceding the **AUCTION** date, shall be considered as supplementary documentation to the **AUCTION**, and they shall not imply any change in the **AUCTION** date or in the time frames referred to in this **NOTICE OF INVITATION TO TENDER**, unless expressly declared.

8.4 The **CER** acquisition and the exercise of the rights and obligations resulting therefrom shall at all times be subject to applicable legislation and to the regulations of competent national and international governmental agencies.

8.5 Reference in this **NOTICE OF INVITATION TO TENDER** to “working day” shall mean a day that shall not be a national holiday in Brazil, a holiday in the City of São Paulo, a Saturday, or a Sunday.

## **CHAPTER 9 – JURISDICTION**

- 9.1 Any and all disputes arising from this **NOTICE OF INVITATION TO TENDER** and the **AUCTION** must be settled by mutual understanding negotiated amicably and in good faith between the interested parties.
  
- 9.2 This **NOTICE OF INVITATION TO TENDER** and the **AUCTION** shall be governed by Brazilian Law. In the event that it is not possible to settle any **PARTICIPANT** disputes amicably, the Court of the Capital City of the State of São Paulo shall be the only one competent to examine and try any matters arising from or related to this **NOTICE OF INVITATION TO TENDER** or this **AUCTION**.