

## WFC Single Disclosure Report 2020

## AGC answers

Date submitted
31/10/2020 17:54:05

## General information

1 G01Q001 Please indicate the full name of the responding institution:  <i>PFMI: Annex A - CSD disclosure template [CSD name]</i> <i>AGC: 0a</i>
B3 – Brasil, Bolsa, Balcão S.A. - Central Securities Depository

2 G01Q002 Registered address:  <i>PFMI: n/a</i> <i>AGC: 0c</i>
Address: Praça Antonio Prado, 48 - Centro - 01010-901 São Paulo - SP Country: Brazil

3 G01Q003 Country of registered address:  <i>PFMI: n/a</i> <i>AGC: 0d</i>
Brazil

6 G01Q006 The WFC, the AGC, CPMI and IOSCO encourage respondents to make their disclosure reports publicly available. Do you agree to make your response publicly available?  <i>PFMI: n/a</i> <i>AGC: 99</i>
<p><input type="radio"/> Yes, my full response will be publicly available. I agree that my response can be published on the website of the WFC and on the website of the regional CSD association(s) which my CSD is a member of.</p> <p><input checked="" type="radio"/> Yes, my response will be public, but only for my answers to AGC questions.</p> <p><input type="radio"/> Yes, my response will be public, but only for my answers to PFMI questions.</p> <p><input type="radio"/> No, I do not wish my response to be publicly available.</p>

7 G01Q007 How will you be making your answers publicly available?  <i>PFMI: n/a</i> <i>AGC: 99a</i>
<p><input checked="" type="checkbox"/> Website</p> <p><input checked="" type="checkbox"/> Upon request</p> <p><input type="checkbox"/> OTHER:</p>

8 G01Q008 This disclosure can also be found at the following web address(es):  <i>PFMI: Annex A - CSD disclosure template [website URL]</i> <i>AGC: 99b</i>
<a href="http://www.b3.com.br/en_us/products-and-services/central-depository/centralized-deposit/what-is-centralized-deposit/">http://www.b3.com.br/en_us/products-and-services/central-depository/centralized-deposit/what-is-centralized-deposit/</a>

9 G01Q009

First and Last Name of the contact person:

*PFMI: Annex A - CSD disclosure template [contact details]**AGC: 99c*

Guilherme Abbari

10 G01Q009A

Disclosure submission authorisation

 I hereby certify that I am authorised to submit this disclosure report on behalf of my institution.

11 G01Q010

Email address of the contact person:

*PFMI: Annex A - CSD disclosure template [contact details]**AGC: 99h*

guilherme.abbari@b3.com.br

12 G01Q011

Telephone number (please include the international country code):

*PFMI: n/a**AGC: 99e*

+ 55 11 2565 4267

13 G01Q012

How do you prefer to be contacted?

*PFMI: n/a**AGC: 99d*

- Telephone
- Fax
- mail/air courier
- e-mail

14 G01Q013

Fax number

*PFMI: n/a**AGC: 99f*

N/A

15 G01Q014

What is the preferred street address for mailing requests?

*PFMI: n/a**AGC: 99g*

Address: Praça Antonio Prado, 48 - Centro - 01010-901 São Paulo - SP Brazil

25 G01Q024

I am submitting up-to-date information in response to:

- The AGC questions and a report with only AGC answers will be generated
- The PFMI questions and a report with only PFMI answers will be generated
- Both the AGC and PFMI questions and a report with answers to both questionnaires will be generated

**Legal Basis (PFMI Principle 1)**

27 G02Q002

Under what regulation or statute is the CSD established and governed?

*PFMI: n/a**AGC: 7*

The Central Depository has its operation authorized and is also regulated and supervised by:

1. Comissão de Valores Mobiliários ("CVM"), the Brazilian Securities and Exchange Commission, which deals mainly with securities central depository activities, and;
1. Banco Central do Brasil ("BCB"), the Brazilian Central Bank, responsible for establishing rules regarding financial asset registration and centralized deposit.

The main regulation provided by Brazilian authorities that governs the depository activities are:

Law no. 4.595/64: states over monetary, banking and credit politics and institutions.

Law no. 6.404/76: the Brazilian Corporation Law.

Law no. 6.385/76: states over the Brazilian securities market and creates CVM.

Law no. 12.810/13 (arts. 22 – 28): Set the role of operations of centralized deposit, provide the authority of both CVM and BCB over the supervision of Brazilian CSD's.

Brazilian Monetary Council (CMN) Resolution no. 4.593/17: states over the financial assets suitable for registration in TR's and its centralized deposit.

Rulebook attached to Central Bank Rule no. 3.743/15: which provides the requirements that shall be specified in CSD's and TR rulebooks.

CVM Rule no. 541/13: states over the services authorized to be offered by CSDs, its rights and duties

CVM Rule no. 542/13: states over the services to be offered by securities custodians, its rights and duties.

CVM Rule no. 543/13: states over the services to be offered by bookkeeping agents, its rights and duties.

CVM Rule no. 461/07: regulates the stocks, commodities, and futures exchanges.

It's important to consider that there are no official translation of the mentioned rules to English. They're available only in Portuguese.

Since the Rulebook attached to Central Bank Rule no. 3.743/15 and CVM Rule no. 541 grants powers of self-regulation to CSD's operators, the main rules established by B3 that governs its CSD and participants are:

- i. B3's Central Depository Rules: Provides mainly the rights and duties of B3, as a CSD operator and its participants.
- ii. B3's Central Depository Operating Procedures Manual: Provides guidelines of operational procedures available in B3's CSD to participants and its clients.

Both are translated to English.

28 G02Q003

Is the regulation or statute electronically available?

PFMI: n/a

AGC: 7a

Yes

No

29 G02Q004

If regulation or statute is electronically available, please supply web address(es) here or upload document(s).

PFMI: n/a

AGC: 7b

Law n°. 4.595/64 ([http://www.planalto.gov.br/ccivil\\_03/leis/l4595.htm](http://www.planalto.gov.br/ccivil_03/leis/l4595.htm))

Law n°. 6.404/76 ([http://www.planalto.gov.br/ccivil\\_03/leis/l6404consolid.htm](http://www.planalto.gov.br/ccivil_03/leis/l6404consolid.htm))

Law no. 6.385/76 ([http://www.planalto.gov.br/ccivil\\_03/leis/l6385.htm](http://www.planalto.gov.br/ccivil_03/leis/l6385.htm))

Law no. 12.810/13 (arts. 22 – 28) ([http://www.planalto.gov.br/ccivil\\_03/\\_ato2011-2014/2013/lei/l12810.htm](http://www.planalto.gov.br/ccivil_03/_ato2011-2014/2013/lei/l12810.htm))

Brazilian Monetary Council (CMN) Resolution no. 4.593/17 ([https://www.bcb.gov.br/pre/normativos/busca/downloadNormativo.asp?arquivo=Lists/Normativos/Attachments/50425/Res\\_4593\\_v3\\_L.pdf](https://www.bcb.gov.br/pre/normativos/busca/downloadNormativo.asp?arquivo=Lists/Normativos/Attachments/50425/Res_4593_v3_L.pdf))

Rulebook attached to Central Bank Rule no. 3.743/15 (<https://www.bcb.gov.br/estabilidade/financeira/exibenormativo?tipo=Circular&numero=3743>)

CVM Rule no. 541/13 (<http://www.cvm.gov.br/export/sites/cvm/legislacao/instrucoes/anexos/500/inst541consolid.pdf>)

CVM Rule no. 542/13 (<http://www.cvm.gov.br/export/sites/cvm/legislacao/instrucoes/anexos/500/inst542consolid.pdf>)

CVM Rule no. 543/13 (<http://www.cvm.gov.br/export/sites/cvm/legislacao/instrucoes/anexos/500/inst543consolid.pdf>)

CVM Rule no. 461/07 (<http://www.cvm.gov.br/export/sites/cvm/legislacao/instrucoes/anexos/400/inst461consolid.pdf>)

**ENGLISH VERSION** - B3's Central Depository Rules

([http://www.b3.com.br/data/files/26/75/27/24/44A547102255C247AC094EA8/B3%20Central%20Depository%20Rules\\_20200904.pdf](http://www.b3.com.br/data/files/26/75/27/24/44A547102255C247AC094EA8/B3%20Central%20Depository%20Rules_20200904.pdf))

**ENGLISH VERSION** - B3's Central Depository Operating Procedures Manual

([http://www.b3.com.br/data/files/0D/F4/CA/21/535447102255C247AC094EA8/B3%20Central%20Depository%20Operating%20Procedures\\_20200831.pdf](http://www.b3.com.br/data/files/0D/F4/CA/21/535447102255C247AC094EA8/B3%20Central%20Depository%20Operating%20Procedures_20200831.pdf))

30 G02Q005

filecount - Please supply document(s) here:

PFMI: n/a

AGC: 7c

0

**Governance and ownership (PFMI Principle 2)**

45 G03Q002

What type of legal entity is the institution?

PFMI: n/a

AGC: 3

- Public Company
- Private Company
- Central Bank (or part thereof)
- Stock Exchange (or part thereof)
- OTHER:

46 G03Q003

Is the institution operated as a "for profit" or a "not for profit" organization?"

PFMI: n/a

AGC: 4

- Not for profit
- For profit

47 G03Q004

Please provide the names of the owners and their ownership interest percentages.

PFMI: n/a

AGC: 5

B3 is a public held company and does not have a direct and/or indirect controlling shareholder or group of controlling shareholders. The updated information regarding B3's ownership structure is available at the: <https://ir.b3.com.br/>

## OWNERSHIP STRUCTURE

## SHAREHOLDER

NUMBER OF COMMOM SHARES

% OF SHARES OUTSTANDING

LAST CHANGES

## CAPITAL WORLD INVESTORS

148.908.874

7,23%

01/28/2020

## CAPITAL RESEARCH GLOBAL INVESTORS

103.097.532

5,01%

01/28/2020

## FUNDS MANAGED BY BLACKROCK, INC.

92.434.646

4,49%

08/11/2015

OTHER

1.701.580.592

82,64%

01/28/2020

TREASURY STOCK

13.116.846

0,64%

12/31/2019

TOTAL

2.059.138.490

100,00%

48 G03Q005

What is the date of establishment of the CSD?

PFMI: n/a

AGC: 6a

22/03/2017

49 G03Q006

What is the date that the CSD's operations began?

PFMI: n/a

AGC: 6b

22/03/2017

50 G03Q007

Are participants required to contribute capital to the CSD that would result in ownership of the CSD?

PFMI: n/a

AGC: 18

 Not applicable No Yes

51 G03Q008

If yes, what fixed amount is required or what formula is used to determine the appropriate contribution level?

PFMI: n/a

AGC: 18a.

59 G03Q016

What are the roles and responsibilities of the CSD's board of directors (or equivalent), and are they clearly specified? Please provide details of the structure and composition of your Board together with their industry experience and responsibilities in governing the CSD. What are the qualifications to become a board member?

PFMI: Q.2.3.1

AGC: 7d

The B3's Depository Services are under the management of B3's Board of Directors and Executive Officers. The shareholders shall meet ordinarily within the first four months after the year closes to decide on the matters set forth under Article 132 of Brazilian Corporate Law (including the election of the board, whenever it's the case) and, extraordinarily, whenever the interests of the Company so require. As the Executive Management Board is responsible for carrying out the core businesses of the company, some of the questions related to the Board of Directors were answered also considering the Executive Officers. Board of Directors: The Board of Directors is composed of at least 7 and at most 11 members, all of whom shall be elected and may be removed from office by the Shareholders Meeting, with a unified term of office of 2 years with the possibility of Reelection. The Board's main functions are to define the strategy of the Company, approve the annual budget, and ensure its proper implementation. It also decides when to convene the shareholders' meeting, how to allocate profits, conduct elections, remove and monitor the Executive Directors and select the independent auditors. Unless upon a waiver pronounced at a Shareholders' Meeting, pursuant to the Company's Bylaws the eligibility requirements for candidate directors shall include those that are set forth below, in addition to the requirements set forth under applicable Law and regulations. (a) being over 25 years old; (b) having an upstanding reputation and proficient knowledge of the functioning of the markets operated by the Company and/or its subsidiaries, as well as other areas of knowledge required under the Internal Rules of the Board of Directors; (c) not having a spouse, domestic partner or relative to the second degree serving as director or officer of, or employed with, the Company or any of its subsidiaries; (d) not holding a position in any company deemed to be a competitor of the Company or its subsidiaries, and neither having, nor representing any party that has, a conflict of interest with the Company or its subsidiaries. A conflict of interest is presumed to exist relative to any person that, cumulatively: (i) has been elected by a shareholder that has also elected a director in a competitor company; and (ii) has ties arising from a 'subordinate relationship' with the shareholder voting for his or her election; and (e) having actual disposition to dedicate time and effort as member of the Board of Directors, regardless of other positions the candidate may hold in other entities, whether as director and/or executive. The Company has also approved a Management Nomination Policy,

according to which the Board's composition shall ensure multiple competencies and consider diversity aspects. Board of Executive Officers: The Executive Officers are responsible for the day-to-day operations and for the implementation of the general guidelines and policies established by the Board of Directors. These Executive Officers are elected by the Board of Directors to a two-year mandate with the possibility of reelection. They can also be removed by the Board of Directors. The main functions of the Executive Board are to submit its annual management report and accounts for review by the Board of Directors, to approve the allocation of net income from the previous year, and to prepare and propose the annual and multi-year budgets, strategic plans, expansion plans and investment programs.

The Executive Management Board has a Chief Operating Officer responsible for operations, clearing and depository, Mr. Cicero Augusto Vieira Neto, who holds this position in the Company since 2008 (then BM&FBovespa), being responsible for electronic trading, clearing & settlement, central counterparty (CCP), central securities depository (CSD), trade repository (TR) and the B3 Custody and Settlement Bank. He joined the exchange in 2001 and prior to that he was Head of Risk Management of Matrix Bank. He holds a PhD in economics. Pursuant to Brazilian Corporate Law, each member of the Executive Board must reside in Brazil, although it is not required that he or she be a shareholder of the Company. Pursuant to the rules of the Novo Mercado, the new officers must sign the Statement of Consent prior to assuming their respective positions. According to the article 147 paragraph 1st and 2nd of Law 6,404, the following are disqualified for election to an administrative office in the corporation: persons disqualified by special law, or sentenced for a bankruptcy offense, fraud, bribery or corruption, misappropriation of public funds or embezzlement, crimes against the national economy or decency or public property, or to any criminal sanction which precludes, even temporarily, access to public office. A person who has been declared by the Brazilian Securities and Exchange Commission to be incapacitated is also ineligible for election to an administrative office in a publicly held corporation. Yet, according to same law, officers shall have unblemished reputations and are ineligible for election, unless an applicable waiver is granted by the general meeting, in the following cases: (i) holding of a position in a competing company, especially in management board or advisory or finance committees; and (ii) conflicting interests with the company. For further information please refer to item 12 of the attached B3's Reference Form or access the Company's Investor Relations website: <https://ri.b3.com.br/ptb/4398/FRE%20-%20Verso%207.pdf>

61 G03Q018

What are the election procedures?

PFMI: Q.2.3.2

AGC: 7e

Board of Directors: The Directors are elected by the shareholders at the Annual Shareholders Meeting, pursuant to the procedures set forth in the Company's bylaws. Pursuant to the Bylaws, a slate system shall be adopted in elections of the members of the Board of Directors and, in such slate system election, only the following slates of candidates may run: (i) those nominated by the Board of Directors, as advised by the Nominations and Corporate Governance Committee; or (ii) those that are appointed by any shareholder or group of shareholders in the manner provided by the Bylaws. The Board of Directors, as advised by the Nominations and Corporate Governance Committee shall, on the date the Shareholders' Meeting that is to elect the members of the Board of Directors is called, make available at the Company's headquarters any statement signed by each of the members of the slate of candidates appointed, containing: (i) his or her complete identification information; (ii) a complete description of his or her professional experience, including previous work experience qualifications and academic qualifications; (iii) information regarding disciplinary or judicial proceedings in which a judgment of guilty has been entered under a final and unappealable decision issued, in addition to information on instances of disqualification or inability to serve or conflict of interest with the Company, if any, such as prescribed under Article 147, paragraph 3, of Brazilian Corporate Law; and (iv) acknowledgment of compliance with the requirements set forth in the Novo Mercado Rules, in case of a candidate to an independent director position. Whether a shareholder or group of shareholders wishes to propose a different slate of candidate nominations to the Board of Directors, it shall forward to the Board of Directors, jointly with the proposed slate to be presented pursuant to the applicable regulation, statements signed individually by the candidates they nominate, containing the information required in the Bylaws, and the disclosure shall observe the terms of the applicable regulation. Candidates nominated by the Board of Directors or any shareholder to serve as independent directors shall be identified as such, due regard being given to the eligibility requirements set forth in Paragraphs 6 and 7 of Article 22 of the Company's Bylaws. A single person may be nominated in two or more slates, including the one proposed by the Board of Directors. Any shareholder shall vote for just one slate, and the votes shall be computed in compliance with the limitations provided for in Article 7 of the Bylaws. The candidates nominated in the slate that receives the highest number of votes shall be declared elected. Where the candidates are nominated individually, the voting system shall dispense with the slate system and votes shall be cast relative to each individual candidate. In elections of the members of the Board of Directors, shareholders individually or jointly representing interest in at least 5% of the outstanding shares are entitled to request adoption of cumulative voting system, provided they so request at least 48 hours prior to the Shareholders' Meeting. On convening the meeting, the presiding officers shall determine the number of eligible votes attributable to each shareholder or Shareholder Group, based on the signatures affixed to the Shareholders' Attendance List and number of shares of record, provided that for purposes of the voting cap established in Article 7 of the Company's Bylaws, the number of board seats to be filled in the election shall be multiplied by the number of eligible votes, meaning votes not exceeding the cap threshold of 7% of the outstanding shares. Where the election of Directors adopts a cumulative voting process, the slate system shall be dispensed with and votes shall be cast individually on the candidates nominated in slates presented by the Board and shareholders according to Article 23 if the B3's Bylaws, provided each candidate shall have signed and presented to the meeting a statement containing the information required under paragraph 2 of Article 23 of the Bylaws. Any shareholder or Shareholder Group shall be entitled to allot all its votes to a single candidate or spread out the votes among several. Where a tie is determined to have occurred for any given board seat, an additional voting round shall take place after the number of eligible votes attributable to each shareholder or Shareholder Group. The Board of Directors shall appoint the Chairman and Vice Chairman from among its members. The appointment shall take place in the first meeting held after the Directors take office or in the first meeting after the vacancy of these positions.

62 G03Q019

What is the maximum length of time a board member can serve?

PFMI: Q.2.3.2

AGC: 7f

The board members are elected for a two (2) years mandate and reelection is permitted. For further information please refer to item 12.3 of the attached B3's Reference Form; Bylaws (section II) or access the Company's Investor Relations website: <https://ri.b3.com.br/>

63 G03Q020

How are the voting powers distributed amongst the board members (i.e. does each board member have one vote or do certain members have additional voting power)?

PFMI: Q.2.3.2

AGC: 7g

Each member of the Board of Directors has the right of one vote in the meetings of the Board. The Board of Directors' decisions are made on the basis of a vote of the majority of the members present at the meetings, apart from the exceptions listed in the Company's Bylaws; in the case of a tie, the Chairman of the Board of Directors has the casting vote.

65 G03Q022

What are the procedures established to review the performance of the board as a whole and the performance of the individual board members? Who is responsible for regulating the board members?

PFMI: Q.2.3.4

AGC: 7h

The management activities developed by the Board of Directors and by the Executive Officers are subject to regulation by provisions set forth in B3's Bylaws, reference form and internal regulations of the board of directors, in the Brazilian Corporate Law, in the rules and regulations of the Brazilian Securities Commission (CVM) and in the rules of the Novo Mercado. Annually, the president of the board and the Corporate Governance and Nomination Committee lead a structured and formal evaluation process that contains two dimensions: appraisal of the global performance of the board and individual appraisal of each member, in order to improve its efficiency and corporate governance.

The process first step consists in an individual reflection from each member about the board and its global performance, considering the main aspects of an effective corporate governance concept: Strategic focus; knowledge and information about the company's business; decision-making process and independence of the board; board meetings and performance of advisory committees.

At the second step, an individual appraisal of the board members, are considered: impartiality; contribution to the decision-making process and assertiveness. The results are compiled and discussed at board meetings so there can have improvement plans and proposals.

**Comprehensive risk management (PFMI Principle 3)**

88 G04Q003

Any direct damages or losses to participants caused by the CSD as a result of force majeure events, acts of God, or political events, etc.?

PFMI: Q.3.1.1

AGC: 66x.

- Not applicable
- No
- Yes

89 G04Q004

If yes, please check all of the following that apply:

PFMI: Q.3.1.1

AGC: 66y.

- Financial limits are imposed on the amount of liability assumed by the CSD
- The CSD assumes liability for direct losses
- The CSD assumes liability for indirect or consequential losses
- OTHER:

90 G04Q005

In all cases where the CSD assumes responsibility for direct or indirect or consequential losses, is the CSD's liability limited by a standard of care determination?

PFMI: Q.3.1.1

AGC: 66+

- Not applicable
- No
- Yes

91 G04Q006

Please define the standard of care applied:

PFMI: Q.3.1.1

AGC: 66\*

**Credit risk (PFMI Principle 4)**

121 G05Q011

Does the CSD have a guaranty fund independent of stock exchange or other market guarantees?

PFMI: Q.4.3.1

AGC: 78

- Not applicable
- No
- Yes

- Other: Within B3' vertical solution for post-trade activities the B3 Clearing has a settlement fund which is formed with variable contributions made by clearing members and a fixed contribution by B3. B3's contribution in is R\$636 million and represents roughly 50% of the fund.

122 G05Q012

If yes, please respond to the following questions: What is the size of the fund?

PFMI: Q.4.3.1

AGC: 78a.

123 G05Q013

How is the size of the fund determined?

PFMI: Q.4.3.1

AGC: 78b.

- A fixed amount
- By asset value
- By participant volume

124 G05Q014

How is the fund financed?

PFMI: Q.4.3.1

AGC: 78d.

- Funding from retained earnings
- Contributions from participants
- Contributions from owner
- Other: The fund is financed by contributions from participants and a contribution from B3.

125 G05Q015

If so, what is the amount or percentage per owner?

PFMI: Q.4.3.1

AGC: 78e.

126 G05Q016

If so, what is the amount or percentage per participant?

PFMI: Q.4.3.1

AGC: 78f.

127 G05Q017

Who is covered by the fund?

PFMI: Q.4.3.1

AGC: 78h.

- Direct CSD participants only
- The beneficial owner also
- OTHER: B3 market participants of B3 Clearing

128 G05Q018

When is the guaranty fund used?

PFMI: Q.4.3.1

AGC: 78j.

- When a broker defaults
- When a direct participant defaults
- OTHER: The guaranty fund used when a direct participant defaults.



131 G05Q021

Does the CSD have insurance to cover losses in the event of Default on settlement commitments by the CSD or a participant?

PFMI: Q.4.3.3

AGC: 91

- Not applicable
- No
- Yes

132 G05Q022

What is the amount of the coverage?

PFMI: Q.4.3.3

AGC: 91a

133 G05Q023

What is the amount of the deductible?

PFMI: Q.4.3.3

AGC: 91b

134 G05Q024

Please explain other loss or default protections:

PFMI: Q.4.3.3

AGC: 79a

Participant eligibility requirements, Participant volumes, Participant financial strength, Collateral requirements for participants, Debit caps for participants, Settlement controls that minimize or eliminate the risk of default by a participant; Blocking of securities movement before receipt of payment, Blocking payment until securities are moved.

135 G05Q025

Does the CSD accept liability (independent of any insurance coverage) for the following: Any direct damages or losses to participants caused by the CSD in its capacity as a central counterparty?

PFMI: Q.4.3.3

AGC: 66q.

- Not applicable
- No
- Yes
- Other: B3 CSD does not act as Central Counterparty. B3 Clearing acts as Central Counterparty and will accept liability of any direct damages or losses to participants due to operational mismanagement if proved its responsible.

136 G05Q026

If yes, please check all of the following that apply:

PFMI: Q.4.3.3

AGC: 66r.

- Financial limits are imposed on the amount of liability assumed by the CSD
- The CSD assumes liability for direct losses
- The CSD assumes liability for indirect or consequential losses
- OTHER:

**Collateral (PFMI Principle 5)**

141 G06Q001

Summary narrative for PFMI Principle 5. Please provide a summary narrative disclosure with sufficient detail and context, as well as any other appropriate supplementary information, to enable readers to understand the CSD's approach to or method for observing the principle. Please use the following questions as guidance for the points of focus and level of detail it is expected to convey in the disclosure. Cross references to publicly available documents should be included, where relevant, to supplement the discussion.)

PFMI: Annex A - CSD disclosure template - IV.P5

**AGC: 35c**

B3 manages a vertical structure of post trade solutions, including CCP and CSD. Inside this structure Collateral Management activities are handled by the B3 clearinghouse. B3 has guidelines to accept an asset as a collateral due to its market risk valuation. The main guidelines are: i) No Legal hindrance; price transparency and efficiency in trading and pos trading; ii) minimum level of liquidity; iii) existence of liquidity providers; iv) capability to estimate market and credit risk within acceptable level; v) for private bonds issuers must comply with the normatives from the management risk camera. Furthermore, B3 has a credit risk committee and a market risk committee that review and assess monthly her on normatives that regulate the eligibility of an asset in collateral. All normatives and policies are approved by the Brazilian Central Bank.

All the features and services related to collateral management are displayed in the PRINCIPLES FOR FINANCIAL MARKET INFRASTRUCTURES B3 INFORMATION DISCLOSURE document which is published on B3 website ([http://www.b3.com.br/en\\_us/products-and-services/clearing-and-settlement/clearing/](http://www.b3.com.br/en_us/products-and-services/clearing-and-settlement/clearing/)). The rules and procedures of B3's clearinghouses related to collateral management are contained in their rulebooks and manuals, published on B3 website ([http://www.b3.com.br/en\\_us/regulation/regulatory-framework/regulations-and-manuals/clearing-settlement-and-risk-management.htm](http://www.b3.com.br/en_us/regulation/regulatory-framework/regulations-and-manuals/clearing-settlement-and-risk-management.htm))

**Liquidity risk (PFMI Principle 7)**

**Settlement finality (PFMI Principle 8)**

**Money settlements (PFMI Principle 9)**

217 G09Q003  
Who accepts cash deposits (or makes payment credit accommodations) for CSD transactions?

*PFMI: Q.9.1.1*  
*AGC: 31*

CSD

Central Bank

Banks appointed by CSD

Neither or others (e.g. credit lines used)

Not applicable

OTHER: Explanatory Note: B3 CSD does not hold cash deposits or provide credit facilities to participants. On the matter related to Administration of Corporate Action, which involves CSD transactions itself, Issuers are obliged by law to supply B3 with all relevant corporate actions information. B3 CSD's process for obtaining information from B3 stock exchange and passing this to its participants is wholly automated and processed same day. Income is distributed to direct depository participants in real time, central bank funds. Listed equities and corporate bonds All instructions must be routed through B3 CSD, cancellation instructions are accepted up to the deadline. Participants must send instructions via B3 CSD proprietary electronic system. The B3 CSD corporate actions department monitors all events and process the instructions received through this proprietary electronic system. B3 CSD accepts responsibility for direct losses resulting from missed corporate action deadlines or for failing to execute a corporate action instruction where it has received the necessary information from B3 and where the participant has instructed B3 CSD within the published deadline. Although B3 CSD internal procedures appear robust enough to avoid errors, no insurance policy covers any claims made against the depository. Entitlements are based on traded positions. In case of fails during income and corporate action events, the financial amount resulting from a corporate actions event is offset against the amount due to be received by the selling party. Partial or split subscriptions are permitted for depository participants according to the instructions of their clients (beneficial owners). B3 CSD provides same day confirmations via their proprietary electronic system. Securities are given value on due date and cash is paid by B3 CSD in central bank money with same day value via STR. The distribution of income relies on B3 CSD receiving payment from the issuer (i.e. on an actual income basis, rather than a contractual income service). B3 CSD is fully responsible for income distribution after the funds become available to the depository in central bank . The issuer is responsible for transferring the funds through its bank to the B3 account in the STR, and Brazilian law enforces that this payment must be made. Once it is made, B3 CSD becomes responsible for paying the custodian banks, in real time funds and in central bank money. The custodians, in turn, are responsible for paying the beneficial owners. In order to follow up any outstanding entitlements the investor will need to contact the paying agent directly. Investors receive information on their outstanding entitlements through monthly statements sent by B3 CSD Custodians can instruct B3 via the Online Central Depository (CAC), with investors' decision when exercising subscription rights and/or outstanding subscription rights as well as for withdrawal and for dissent. OTC market Participants' instructions are transmitted to B3 through the proprietary electronic system. The depository will not prompt participants for missing instructions, but the system will notify participants where their instructions are incorrect or incomplete. It is market practice for all corporate actions instructions to be routed through the depository in this way. B3 can process cancellation and split instructions. Entitlements are based on settled positions at the start of pay date. B3 will confirm instruction execution and advise participants of corporate action results. Full accounting support for corporate actions is available in hard or soft copy format. B3 acts as central paying agent, securities are given value on due date and cash distributions are in same day central bank funds. On the matter related to settlement of primary and secondary markets, according to BCB Circular 3057/01, money settlement of the net balance of transactions accepted by the clearinghouses must be effected directly in BCB. Transfers of funds in local currency (BRL) between clearing members and BM&FBOVESPA's B3 clearinghouses for the settlement of obligations are therefore made in bank reserves via the Reserve Transfer System (STR) operated by BCB. In the settlement cycle in local currency (BRL), B3 Clearinghouses receives in its STR account the payments made by its debtor clearing members (Clearinghouse debits its STR settlement bank account), and pays its creditor clearing members (Clearinghouse credits its STR settlement bank account). B3 Clearinghouse accepts cash deposit only for collateralisation of positions. Cash collateral is kept within the B3 Clearinghouse. Final investors are allowed to post cash collateral in order to fulfill its margin requirements defined by B3 CCP. Participants also are allowed to post cash collateral for own proprietary exposures requirements and for safeguard structure requirements established by B3 CCP to its participants acting as clearing members. Cash deposits at the B3 CCP are also kept in the level of the beneficial owner, therefore clients' funds are segregated from those of their broker and/or settlement bank. Settlement via a "special settlement account" (CEL) is also offered by B3 Clearinghouse to investors accredited for the purpose, as an alternative to multilateral settlement via clearing members. In this settlement method, the customer's obligations and rights are settled via the account held in the customer's name with B3 Bank, without the participation of the brokerage house or clearing member responsible for the customer: if the customer is a debtor, the customer transfers funds to this account; if the customer is a creditor, the customer receives funds in this account from B3 Bank. Settlement via a CEL account also takes the form of transfers of bank reserves via the STR: (i) funds received from customers by B3 Bank are transferred by the latter to the clearinghouse via the STR, and (ii) funds owed to investors are transferred to B3 Bank via the STR. The timeline for settlement via CEL is contained in the window for multilateral settlement by clearing members (via the STR), so that in the event of CEL settlement failure the obligations of the customer concerned are transferred to the responsible clearing member and brokerage house.

218 G09Q004  
Please indicate the name of the banks appointed by the CSD

*PFMI: Q.9.1.1*  
*AGC: 31a*

219 G09Q005

Who processes cash clearing (or draws on credit lines, if applicable) for CSD transactions?

PFMI: Q.9.1.1

AGC: 32

- CSD
- Central Bank
- Banks appointed by the CSD
- Neither or others (e.g. credit lines used)
- Not applicable
- OTHER: Explanatory Note: Inside B3 structure cash clearing processes are performed by specific settlement systems, which are integrated to the B3 CSD systems, accordingly to the asset or type of transaction being settled.

220 G09Q006

Please name banks appointed by the CSD

PFMI: Q.9.1.1

AGC: 32a

221 G09Q007

Who controls the movement of cash for cash deposits (or draws on credit lines, if applicable)?

PFMI: Q.9.1.1

AGC: 33, 33b

- CSD
- Central Bank
- Banks appointed by CSD
- Neither or others (e.g. credit lines used)
- Not applicable
- OTHER: Explanatory Note: B3 CSD does not hold cash deposits. B3 maintains a settlement account in Brazilian Central Bank with direct access to the Brazilian Central Bank Money Transfer System. This account is transitory in its end and serves the purpose of storing financial funds during the settlement process. Through the Brazilian Central Bank Money Transfer System, the B3 settlement services send messages to the settlement banks of the creditor and debtor participants indicating the amount to be paid or received. During the settlement window determined by the Central Bank, the settlement banks of the debtor participant give instructions to debit their Central Bank money account with the corresponding credit in the B3 settlement account.

222 G09Q008

Please name banks appointed by the CSD

PFMI: Q.9.1.1

AGC: 33a

223 G09Q009

Who controls the movement of cash for cash clearing (or for draws on credit lines, if applicable)?

PFMI: Q.9.1.1

AGC: 34

- CSD
- Central Bank
- Banks appointed by CSD
- Neither or others (e.g. credit lines used)
- Not applicable
- OTHER: Explanatory note: i) CSD for OTC market. ii) B3 Clearinghouse for Listed market. For cash movements related to the settlement of positions for Listed market, B3 uses its transitory account at the Brazilian Central Bank to facilitate the movement of funds in Central Bank Money. B3 maintains a settlement account in Central Bank Money and direct access to the Brazilian Central Bank Money Transfer System (STR). This account is different from accounts maintained by traditional bank institutions, since it is transitory in character and serves the purpose of storing financial funds during the settlement process. Through the Brazilian Central Bank Money Transfer System, the B3 settlement services send messages to the settlement banks of the creditor and debtor Clearing Members indicating the amount to be paid or received. During the settlement window determined by the Central Bank, the settlement banks of the debtor Clearing Member give instructions to debit their Central Bank money account and the corresponding credit in the B3 settlement account. The B3 settlement services monitor all payments made in real time until the group of debtor Clearing Members has paid their obligations through their settlement banks. Another process is the corporate action where all payments of cash dividends are made in the same day through B3 CSD reserve account at the Central Bank Transfer System, up to 11.45am. On payment day, the issuer's bank instructs the transfer of funds to B3 reserve account at STR, at 12.30pm, B3 instructs the corresponding transfer of funds to the custodian's bank. The custodians are responsible for

paying the investor.

224 G09Q010  
Please name banks appointed by CSD

PFMI: Q.9.1.1  
AGC: 34a

#### Physical deliveries (PFMI Principle 10)

239 G10Q005  
How are eligible securities lodged in the CSD system?

PFMI: Q.10.1.3  
AGC: 57, 57a

- A registered certificate in the name of the CSD is delivered to the CSD.
- A participant delivers the security with a valid transfer deed or stock power or other transfer document to the CSD which then effects registration.
- A registrar re-registers the security in the name of the CSD.
- Not applicable
- OTHER: According to each bond and securities attributes and government regulations, there are many requirements an issuer has to follow before an emission. Some of them depends on documents, physical or not, while others just need a simple registration in B3's systems. All processes apply the concept where the asset is transferred to the B3 fiduciary ownership. Depending on the type and nature of the financial instrument B3's CSD has different types of deposit processes. For securities and certain other types of financial instruments the process is performed in the records book of the issuer/registrar when the asset is transferred to the fiduciary ownership of the CSD. For assets issued with physical certificates, fiduciary transfer of ownership takes place when the custodian performs the endorsement of the physical asset to B3's CSD.

240 G10Q006  
When are securities lodged into the CSD reflected in a participant's CSD account?

PFMI: Q.10.1.3  
AGC: 58, 58a

- Securities are reflected in the participant's CSD account immediately upon delivery to the CSD.
- Securities are re-registered prior to being reflected in the participant CSD account.
- Not applicable
- OTHER:

241 G10Q007  
How long does it usually take to lodge securities with the CSD?

PFMI: Q.10.1.3  
AGC: 59, 59b

- Not applicable
- More than 4 weeks
- 2 to 4 weeks
- 3 days to 1 week
- 1 to 2 days
- Other: Depending on the type and nature of the financial instrument and according on the Brazilian regulation, B3's CSD has different types of deposit processes. These situations make the time of a lodge vary from online to 2 days.

242 G10Q008  
Please specify

PFMI: Q.10.1.3  
AGC: 59a

243 G10Q009  
During the process of lodging securities into the CSD, can the securities be traded?

PFMI: Q.10.1.3  
AGC: 60

- Not applicable
- No
- Yes

244 G10Q010  
During the process of lodging securities into the CSD, can the securities be settled?

*PFMI: Q.10.1.3*  
*AGC: 60a*

- Not applicable
- No
- Yes

245 G10Q011  
During the process of lodging securities into the CSD, can the securities have ownership transferred?

*PFMI: Q.10.1.3*  
*AGC: 60b*

- Not applicable
- No
- Yes

246 G10Q012  
If they cannot be traded, or if you answered other, please explain

*PFMI: Q.10.1.3*  
*AGC: 60c*

247 G10Q013  
If they cannot be settled, or if you answered other, please explain

*PFMI: Q.10.1.3*  
*AGC: 60d*

According to the Brazilian law, a lodge process must be finished for a security to be officially recognized and hence, settled.

248 G10Q014  
If ownership cannot be transferred, or if you answered other, please explain

*PFMI: Q.10.1.3*  
*AGC: 60e*

If the lodging procedures already started but are not completed the securities are created at the investor's account at the CSD blocked until the confirmation of the Issuer or the registrar. In this stage, securities ownership may not be transferred within the CSD environment.

249 G10Q015  
Are securities immediately available for delivery upon transfer to the CSD?

*PFMI: Q.10.1.3*  
*AGC: 61, 61d*

- Not applicable
- No
- Yes

250 G10Q016  
If no: Securities are unavailable for

*PFMI: Q.10.1.3*  
*AGC: 61a*

- Not applicable
- More than 4 weeks
- 2 to 4 weeks
- 3 days to 1 week
- 1 to 2 days

251 G10Q017  
If more than 4 weeks, please specify

PFMI: Q.10.1.3  
AGC: 61b

252 G10Q018  
If not applicable, please explain

PFMI: Q.10.1.3  
AGC: 61c

253 G10Q019  
What transfer process steps are involved when eligible securities are withdrawn from the CSD for safekeeping?

PFMI: Q.10.1.3  
AGC: 63, 63a

- Not applicable
- Securities are transferred as is any physical delivery in the market.
- Securities are re-certificated and delivered as bearer instruments.
- Securities are re-certificated and re-registered into the name of the beneficia
- Securities are re-registered into the name of the beneficial owner or a nominee.
- Other: Securities are re-registered, in a book-entry form, in the name of the final beneficial owner in the 'books' of the issuer or its registrar. In the securities withdrawal process, the investor requests, by sending the proper documentation, the withdrawal of securities to his custodian. The custodian performs the request for withdrawal of securities to B3. After the request is performed, the balance of securities are blocked in the custody account of the investor. B3's CSD requests that the registrar/issuer makes the transfer of the securities from the B3 fiduciary ownership to the name of the investor in the record book. The registrar/issuer makes the transfer and informs the B3's CSD that makes the withdrawal of securities from the investor's account. For assets with the characteristic of physical certificates the withdraw of the asset takes place when the B3 CSD performs a new endorsement over the asset which is object of the withdraw back to the custodian of the investor.

254 G10Q020  
How long does it usually take to remove securities from the CSD?

PFMI: Q.10.1.3  
AGC: 64, 64b

- Not applicable
- More than 4 weeks
- 2 to 4 weeks
- 3 days to 1 week
- 1 to 2 days
- Other: Depending on the type and nature of the financial instrument and according on the Brazilian regulation, B3's CSD has different types of deposit processes. These situations make the time to remove a security vary among few minutes to 2 days.

255 G10Q021  
If more than 4 weeks, please specify

PFMI: Q.10.1.3  
AGC: 64a

256 G10Q022  
While the securities are being removed from the CSD, can they be traded? (Choose one)

PFMI: Q.10.1.3  
AGC: 65a

- Yes
- Not applicable
- No

257 G10Q023  
If they cannot be traded please explain

PFMI: Q.10.1.3  
AGC: 65b

As soon as B3 CSD receives any withdrawal instructions, the assets are considered removed from the CSD.

258 G10Q024  
While the securities are being removed from the CSD, can they be settled? (Choose one)

PFMI: Q.10.1.3  
AGC: 65c

- Yes
- Not applicable
- No

259 G10Q025  
If they cannot be settled, please explain

PFMI: Q.10.1.3  
AGC: 65d

As soon as B3 receives any withdrawal instructions, the securities are considered removed from the CSD.

260 G10Q026  
While the securities are being removed from the CSD, can they have ownership transferred? (Choose one)

PFMI: Q.10.1.3  
AGC: 65e

- Yes
- Not applicable
- No

261 G10Q027  
If ownership cannot be transferred, please explain

PFMI: Q.10.1.3  
AGC: 65f

As soon as B3 receives any withdrawal instructions, the securities are considered removed from the depository.

263 G10Q029  
What are the vault security procedures for the safekeeping of physical paper?

PFMI: Q.10.2.1  
AGC: 75

- Not applicable, no vault is maintained
- Electronic keys or combinations
- Dual access control
- Visitor logs
- Vault counts
- Intrusion alarms
- Fire alarms

Guards

OTHER:

264 G10Q030

Please indicate frequency of vault counts:

PFMI: Q.10.2.1

AGC: 75a.

265 G10Q031

Please explain:

PFMI: Q.10.2.1

AGC: 75b

Inside the B3 structure, the CSD is a fully dematerialized depository. All securities are in book-entry format and all processes are automated and paperless. Regarding asset issued in physical format certificates they are held in a specific participant (Custodian physical custody) which must go through a formal qualification process with B3 CSD in accordance with its regulation.

Regarding to commodities, the procedures, processes and controls adopted by B3 for storage, deposit and delivery include the process of accreditation of warehouses and other depository establishments (gold depository and agribusiness depository), with the fulfillment of financial, legal and tax requirements and the ones regarding insurance contracting. All these requirements are monitored by the B3 participant registration center and, in the case of gold depository, also by BSM. Intermediaries and clearing members are subject to an audit that assesses the suitability of their systems and resources to meet the requirements and obligations related to physical delivery.

#### Central Securities Depositories (PFMI Principle 11)

271 G11Q002

CSD FUNCTIONALITY AND SERVICES, USE OF AGENTS. Certain functionalities and services reduce risk to an investor if provided in an efficient manner. The purpose of this section is to identify those functionalities that may potentially be offered by depositories and clearing systems around the world, and ascertain whether they are offered by your institution. For which of the following security types do you serve as a CSD or clearing system?

PFMI: n/a

AGC: 26

Government securities

Equities

Corporate bonds

Corporate money market

Not applicable

OTHER: Others.

272 G11Q003

Please name the other security types:

PFMI: n/a

AGC: 26a.

Warrants, derivatives, Mortgage-Backed Security (LH), Investment Fund Quotas (CFF), Commercial Papers (NC),

Agribusiness financing; Letra de Arrendamento Mercantil (LAM); Letra Financeira (LF) and Gold spot

273 G11Q004

Is the use of the CSD in your market compulsory by law or compulsory by market practice for the settlement or safekeeping of all instrument types in your market (e.g. equities, government securities, corporate bonds, money market instruments, warrants, derivatives etc).

PFMI: n/a

AGC: 27, 27c

Yes by law for settlement of all instrument types

Yes by law for safekeeping of all instrument types

Yes by market practice for settlement of all instrument types

Yes by market practice for safekeeping of all instrument types

Yes by law for settlement, but not for all instrument types

Yes by law for safekeeping, but not for all instrument type

Yes by market practice for settlement, but not for all instrument types

Yes by market practice for safekeeping, but not for all instrument types



Neither

OTHER:

274 G11Q005

Please list the instrument types for which it is not compulsory by law to: (i) settle in your CSD

PFMI: n/a

AGC: 27a. (i)

According to the Brazilian legislation, some instruments types have specificities that turns them compulsory or not to be settled in the CSD.

275 G11Q006

(ii) safekeep in your CSD:

PFMI: n/a

AGC: 27a. (ii)

According to the Brazilian legislation, some instruments types have specificities that turns them compulsory or not to be safekeeping in the CSD.

276 G11Q007

Please list the instrument types for which it is not compulsory by market practice to: (i) settle in your CSD

PFMI: n/a

AGC: 27b. (i)

According to the Brazilian market practice, some instruments types have specificities that turns them compulsory or not to be settled in the CSD.

277 G11Q008

(ii) safekeep in your CSD:

PFMI: n/a

AGC: 27b. (ii)

According to the Brazilian market practice, some instruments types have specificities that turns them compulsory or not to be safekeeping in the CSD.

278 G11Q009

Settlement and Safekeeping Percentages 28a Please list by instrument type the percentage of the total market in your jurisdiction (either volume or value) settled within your institution, exclusive of your links with third parties.

PFMI: n/a

AGC: 28 28a

279 G11Q010

Please list by instrument type the percentage of the total market in your jurisdiction (either volume or value) held in safekeeping within your institution.

PFMI: n/a

AGC: 28b.

281 G11Q012

In the event a participant's single or main account is blocked for any reason (e.g., insolvency, penalties, violations, liens), would securities held in any account or accounts on behalf of the participant's clients be accessible: By the participant's clients?

PFMI: Q.11.1.1

AGC: 44a

Not applicable

No

Yes

282 G11Q013

If yes, please describe briefly how clients of participants would access their securities and whether there would be any delay in their ability to do so:

PFMI: Q.11.1.1

AGC: 44b

In the eventuality of any of these events, final beneficiary investors can still visualize their position accounts in the CSD through a investors website managed by B3 (CEI - [http://www.b3.com.br/pt\\_br/produtos-e-servicos/central-depositaria/canal-com-investidores/cei/](http://www.b3.com.br/pt_br/produtos-e-servicos/central-depositaria/canal-com-investidores/cei/)). Depending on the scenario a third party institution or person (legally appointed by the local regulator or by the FMI depending on the scenario) will act in the place of the blocked participant and receive the commands of the investors related to the transfer and settlement of securities in their CSD accounts. The delay depends on the time to accomplish the required procedures.

283 G11Q014

By the intervening authorities controlling insolvency or other proceedings?

PFMI: Q.11.1.1

AGC: 44d.

- Not applicable
- No
- Yes

284 G11Q015

If yes, please describe briefly under what conditions access would be granted to the intervening authorities:

PFMI: Q.11.1.1

AGC: 44e.

Depending on the type of intervention a team chosen by the Brazilian Central Bank will be appointed to manage the custody accounts. Transfers or settlement related to the final beneficial owner securities are performed only with consent of the investor or by the team of the regulator in given scenarios always pursuing to preserve the investor rights and property.

285 G11Q016

By the participant's creditors?

PFMI: Q.11.1.1

AGC: 44g, 44i

- Not applicable
- No
- Yes

286 G11Q017

If yes, please describe briefly under what conditions access would be granted to the participant's creditors:

PFMI: Q.11.1.1

AGC: 44h

287 G11Q018

By the CSD's creditors?

PFMI: Q.11.1.1

AGC: 44j.

- Not applicable
- No
- Yes

288 G11Q019

If yes, please describe briefly under what conditions access would be granted to the CSD's creditors:

PFMI: Q.11.1.1

AGC: 44k.

289 G11Q020

What is your document and record retention policy for documents and records described above in this section?

PFMI: Q.11.1.1

AGC: 47, 47a

- 7 years
- 5 years
- 3 years
- 1 year

6 months or less

290 G11Q021  
Does the law protect participant assets from claims and liabilities of the CSD?

PFMI: Q.11.1.1  
AGC: 54

- Not applicable
- No
- Yes

291 G11Q022  
Can the CSD assess a lien on participant accounts? (A lien would entitle the CSD to take and hold or sell the securities of the participant in payment of a debt.)

PFMI: Q.11.1.1  
AGC: 55

- Yes
- No
- Not applicable

292 G11Q023  
If yes, for what reasons are liens or similar claims imposed?

PFMI: Q.11.1.1  
AGC: 55a

- Fees and expenses
- Collateralization of overdrafts
- To secure payment for purchased securities
- OTHER: B3, acting as a CCP and CSD, assess a lien to securities posted as collateral by participants (Clearing Agents) in order to cover risks related to transactions carried out in the equity cash and derivatives markets where B3 acts as a CCP for the transactions. The collateral is segregated from the other securities held at B3 depository service.

293 G11Q024  
Please describe:

PFMI: Q.11.1.1  
AGC: 55b

Under a participant instruction, the securities are assessed to a lien to cover the risk of a specific transaction. B3, acting as a Central Counterparty (CCP), also assess a lien to securities posted as collateral by participants (Clearing Agents) in order to cover risks related to transactions carried out in the cash and derivatives markets. The collateral is segregated from the other securities held at B3 depository service.

294 G11Q025  
Please indicate the limits of this lien as indicated below:

PFMI: Q.11.1.1  
AGC: 55c

- The lien may extend to settled client positions
- The lien is limited to securities in the course of purchase and sale transactio
- The lien is limited to securities in the participant's proprietary account

295 G11Q026  
Please explain:

PFMI: Q.11.1.1  
AGC: 55d

296 G11Q027  
If a lien is placed on a participant's account which has been designated for its clients, will the CSD select certain securities to be subject to the lien?

PFMI: Q.11.1.1  
AGC: 55e

- No  
 Yes

297 G11Q028  
If yes, please indicate whether:

PFMI: Q.11.1.1  
AGC: 55f

- The lien is placed on the securities with the greatest value in the account  
 The lien is placed on the most liquid securities in the account

298 G11Q029  
Please explain:

PFMI: Q.11.1.1  
AGC: 55g

The most liquid security is placed in the account because it is easier to be monetized.

299 G11Q030  
If no, please indicate whether the entire account will be subject to the lien.

PFMI: Q.11.1.1  
AGC: 55h

- No  
 Yes

300 G11Q031  
For accounts designated as client accounts, do procedures exist to restrict the placement of liens only to obligations arising from safe custody and administration of those accounts?

PFMI: Q.11.1.1  
AGC: 55j

- No  
 Yes

301 G11Q032  
If yes, are the restrictions accomplished by:

PFMI: Q.11.1.1  
AGC: 55k

- Contract between the CSD and the participant

302 G11Q033  
Please explain:

PFMI: Q.11.1.1  
AGC: 55l

The account structure at B3 depository is totally segregated at the level of the final investor. Therefore, an investor's account subject to the lien is determined at the level of the final investor. The lien order is determined by the legal entity of the estate/judge of law that already selects the instruments in the account subject to the lien. The lien can be made in the final investor's account (account of the client of the direct participant of the B3's depository services that is identified in the depository) or the lien can be made in the participant's proprietary account in the depository. Direct participants of the B3 depository (depository agents) are allowed to have a proprietary account with its own proprietary securities. If a lien is made in the securities of the depository agent, the securities of its clients will not be affected. The same rationale applies to securities which are object to any other type of lien (say placed as collateral for the B3 CCP). Given the account structure of B3 CSD the securities that are under a lien in the investors account are segregated of those which not have any liens attached to it.

303 G11Q034  
Transfer of Legal Ownership. Does the CSD have legal authority to transfer title to securities?

PFMI: Q.11.1.1  
AGC: 56, 56e

- Not applicable
- No
- Yes
- Other: B3's CSD is able to transfer as long as receives a judicial decision commanding this act by B3.

304 G11Q035  
When does title or entitlement to CSD securities pass between participants?

PFMI: Q.11.1.1  
AGC: 56a

- When the transaction is processed on an intra-day basis
- When corresponding money or other consideration is transferred
- At the end of the business day on which the transfer occurs

305 G11Q036  
Please describe:

PFMI: Q.11.1.1  
AGC: 56b

Transfer is effectively done on real time, when the security passes from the source account to the destination account.

306 G11Q037  
Where does title or entitlement to CSD securities pass between participants?

PFMI: Q.11.1.1  
AGC: 56c

- On the registrars books
- On the CSD books

307 G11Q038  
Please describe:

PFMI: Q.11.1.1  
AGC: 56d

For controlling process, the transfer needs to be clearly visible to all parts involved on the transaction. Then, this must happen on the depositary systems, on the registrars systems and on the participants own systems, to reflect what is happening to their clients and investments.

309 G11Q040  
In what form does the CSD maintain records identifying the assets of each participant?

PFMI: Q.11.1.2  
AGC: 45

- Computer file
- Microfiche
- Hard copy
- Computer tape
- OTHER:

310 G11Q041  
In which format is the source data maintained?

PFMI: Q.11.1.2  
AGC: 45b

Source data is maintained in database format in SQL Server for Listed Segment "BM&F and Bovespa segments" and in Oracle for OTC Segment (Cetip UTVM segment).

315 G11Q046

If the securities held with the CSD are recorded by book-entry at the registrar, what are the control features at the registrar for transfer of registrar positions to and from the CSD (e.g., authentication procedures, reconciliation, confirmation of position at registrar)? Please describe:

*PFMI: Q.11.1.6*  
*AGC: 52i*

In an event of a deposit or withdraw, from the CSD's Systems (CSD Books), B3'a CSD give the registrars a double-checking command to allow the transfer. In addition, the registrars, by the force of the law, must reconcile daily their books positions with the information of CSD's Books.

318 G11Q049

How are CSD eligible securities held by the CSD?

*PFMI: Q.11.3.1*  
*AGC: 50, 50a*

- In dematerialized form
- In certificated form
- OTHER:

320 G11Q051

If CSD eligible securities are certificated, can CSD eligible securities be held outside of the CSD?

*PFMI: Q.11.3.2*  
*AGC: 51*

- Not applicable
- Certain designated securities may be held outside the CSD
- Once entered into the CSD, eligible securities must remain in the CSD
- Securities may move freely into and out of the CSD
- All eligible securities must be held in the CSD

321 G11Q052

If certain designated securities are held outside the CSD, please indicate under which conditions these securities would be held outside the CSD:

*PFMI: Q.11.3.2*  
*AGC: 51a*

The physical certificates are held outside the depository with the participants performing their respective registration at B3' CSD. These participants must have a destined place to maintain the securities, including a vault or hire a third-party for the this function. For both situations B3 imposes guidelines and a formal certification process to qualify all participants which intend to perform the safekeeping of the physical certificates. Periodically, they are audited by BM&FBOVESPA Supervisão de Mercados (the market supervision entity and member of the B3 Group) to ensure the procedures are being fulfilled.

322 G11Q053

If CSD eligible securities are required to be centrally immobilized at the CSD, where and with whom are the certificates safekept? (then please answer 51c)

*PFMI: Q.11.3.2*  
*AGC: 51b*

323 G11Q054

Are these certificates:

*PFMI: Q.11.3.2*  
*AGC: 51c*

- Bearer
- Registered
- OTHER:

324 G11Q055

If registered, how are the CSD eligible securities registered?

*PFMI: Q.11.3.2*  
*AGC: 51d*

- In the name of the CSD

- In the name of the depositing participant or its nominee
- In the name of a separate nominee of the CSD
- OTHER: Deposited through book entry at B3's CSD in the name of the final investors. After the procedure of endorsement the physical certificates has B3 as a fiduciary owner.

325 G11Q056

If in the name of a separate nominee, please identify by name the nominee used:

PFMI: Q.11.3.2

AGC: 51f

326 G11Q057

If CSD eligible securities may be held either in or out of the CSD, are these certificates:

PFMI: Q.11.3.2

AGC: 51h

- Registered
- Bearer

327 G11Q058

What are the control features for receipt of certificates to the CSD (e.g., authentication procedures, re-registration)? Please describe:

PFMI: Q.11.3.2

AGC: 51i

328 G11Q059

If securities are dematerialized: May dematerialized security positions be re-certificated and held outside the CSD?

PFMI: Q.11.3.2

AGC: 52

- Not applicable
- No
- Yes

329 G11Q060

Are the securities held:

PFMI: Q.11.3.2

AGC: 52a, 52k

- Through book-entry at the CSD
- Through book-entry at a registrar or issuer
- OTHER:

330 G11Q061

Please identify which types of entities may act as registrars:

PFMI: Q.11.3.2

AGC: 52b

- Issuers
- Separate companies that perform registrar functions
- CSD
- OTHER: Explanatory Note: The separated companies above mentioned are banks specialized in rendering this kind of service for issuers. Most of them also performs custodian functions.

331 G11Q062

If the securities held by the CSD are recorded by book entry at the registrar, are the securities registered only to the CSD, with the CSD providing the function of recording ownership on a centralized basis for the market?

PFMI: Q.11.3.2  
AGC: 52d

- No  
 Yes

332 G11Q063

If yes, how are securities held at the registrar for the account of the CSD?

PFMI: Q.11.3.2  
AGC: 52e

- In the name of a separate nominee of the CSD  
 In the name of the CSD  
 Other: In the name of the CSD as a fiduciary owner.

333 G11Q064

Please describe:

PFMI: Q.11.3.2  
AGC: 52f

The CSD acts as a Fiduciary Owner. Further, the Depository held the assets in the name of the final investors.

334 G11Q065

If the securities held with the CSD are recorded by book-entry at the registrar but are not registered exclusively to the CSD, may they be registered to:

PFMI: Q.11.3.2  
AGC: 52g

- A nominee  
 The beneficial owner

335 G11Q066

Please describe:

PFMI: Q.11.3.2  
AGC: 52h

338 G11Q069

Does the CSD accept liability (independent of any insurance coverage) for the following: Reconciliation errors with the registrar and/or the issuer that result in direct damages or losses to participants?

PFMI: Q.11.4.1  
AGC: 66, 66a, 66d

- Yes  
 Not applicable  
 No

339 G11Q070

If yes, please check all of the following that apply:

PFMI: Q.11.4.1  
AGC: 66b 66c

- Financial limits are imposed on the amount of liability assumed by the CSD  
 The CSD assumes liability for direct losses  
 The CSD assumes liability for indirect or consequential losses  
 OTHER:

340 G11Q071



Theft of securities (either physical certificate or electronically from accounts at the CSD) from the CSD that results in direct damages or losses to participants?

PFMI: Q.11.4.1  
AGC: 66e, 66g, 66h

- Not applicable
- Yes
- No
- Other: Yes, but B3 must be proved responsible for the loss of participant assets. Due to theft of securities, B3 will assume liability.

341 G11Q072

If yes, please check all of the following that apply:

PFMI: Q.11.4.1  
AGC: 66f

- Financial limits are imposed on the amount of liability assumed by the CSD
- The CSD assumes liability for direct losses
- The CSD assumes liability for indirect or consequential losses
- OTHER:

342 G11Q073

Failure of the CSD's systems that result in direct damages or losses to participants because they cannot use either securities or funds?

PFMI: Q.11.4.1  
AGC: 66i, 66l

- Not applicable
- Yes
- No
- Other: Yes, but B3 must be proved responsible for the loss of participant assets. Due to theft of securities, B3 will assume liability.

343 G11Q074

If yes, please check all of the following that apply:

PFMI: Q.11.4.1  
AGC: 66j, 66k

- Financial limits are imposed on the amount of liability assumed by the CSD
- The CSD assumes liability for direct losses
- The CSD assumes liability for indirect or consequential losses
- OTHER:

344 G11Q075

Any direct damages or losses to participants caused by the CSD due to its errors, omissions or fraud?

PFMI: Q.11.4.1  
AGC: 66m, 66p.

- Yes
- No
- Not applicable
- OTHER: Yes, but B3 must be proved responsible for the loss of participant assets. Due to theft of securities, B3 will assume liability.

345 G11Q076

If yes, please check all of the following that apply:

PFMI: Q.11.4.1  
AGC: 66n.

- Financial limits are imposed on the amount of liability assumed by the CSD
- The CSD assumes liability for direct losses
- The CSD assumes liability for indirect or consequential losses
- OTHER:

347 G11Q078  
Is the CSD immune from legal action in its own jurisdiction?

PFMI: Q.11.4.2  
AGC: 68

- No
- Yes

349 G11Q080  
Does the CSD have Fidelity insurance (that is, insurance to cover loss of securities or money resulting, for example, from acts such as forgery, theft, fraud and/or employee dishonesty)?

PFMI: Q.11.4.3  
AGC: 92

- Not applicable
- No
- Yes

350 G11Q081  
What is the amount of the coverage?

PFMI: Q.11.4.3  
AGC: 92a.

R\$ 415.000.000,00 (BRL).

351 G11Q082  
What is the amount of the deductible?

PFMI: Q.11.4.3  
AGC: 92b.

352 G11Q083  
Does the CSD have insurance for Operational Errors?

PFMI: Q.11.4.3  
AGC: 93

- Not applicable
- No
- Yes
- Other: No. However, B3 has an investor compensation mechanism (local acronym MRP) managed by BSM to ensure that investors, are compensated for losses resulting from operating errors by participants when intermediating transactions performed on the exchange or providing custody services.

353 G11Q084  
What is the amount of the coverage?

PFMI: Q.11.4.3  
AGC: 93a.

354 G11Q085  
What is the amount of the deductible?

PFMI: Q.11.4.3  
AGC: 93b.

355 G11Q086  
Does the CSD have Errors and Omissions insurance?

PFMI: Q.11.4.3  
AGC: 94

- Not applicable
- No
- Yes

Other: No, but it is in a hiring process. However, B3 has an investor compensation mechanism (local acronym MRP), managed by BSM, established in accordance with CVM Instruction 461/07 to ensure that investors are compensated for losses resulting from action or omission attributable to users of its markets in the course of trading, brokerage and custody activities.

356 G11Q087  
What is the amount of the coverage?

PFMI: Q.11.4.3  
AGC: 94a.

357 G11Q088  
What is the amount of the deductible?

PFMI: Q.11.4.3  
AGC: 94b.

358 G11Q089  
Does the CSD have insurance for the Premises?

PFMI: Q.11.4.3  
AGC: 95

- Not applicable
- No
- Yes

359 G11Q090  
What is the amount of the coverage?

PFMI: Q.11.4.3  
AGC: 95a.

R\$223.810.000,00 (BRL).

360 G11Q091  
What is the amount of the deductible?

PFMI: Q.11.4.3  
AGC: 95b.

361 G11Q092  
Does the CSD have any other insurance?

PFMI: Q.11.4.3  
AGC: 96, 96d

- Not applicable
- No
- Yes

362 G11Q093  
If so, what is it for?

PFMI: Q.11.4.3  
AGC: 96a.

Infrastructure in general, works of arts and civil liability.

363 G11Q094  
What is the amount of the coverage?

PFMI: Q.11.4.3  
AGC: 96b.

364 G11Q095  
What is the amount of the deductible?

PFMI: Q.11.4.3  
AGC: 96c.

365 G11Q096  
Who is the insurance carrier? If more than one insurance carrier, please list each carrier here and provide your responses to questions 97a and 97b in corresponding order.

PFMI: Q.11.4.3  
AGC: 97

This information is confidential

366 G11Q097  
Who is the insurance carrier's parent company, if applicable? (If inapplicable, simply type n/a.)

PFMI: Q.11.4.3  
AGC: 97a.

This information is confidential

367 G11Q098  
What is the term of the policy?

PFMI: Q.11.4.3  
AGC: 97b.

It comprehends fire and electric lines, for both principal and contingency unities, works of art, Civil responsibility.

368 G11Q099  
Who does the insurance cover?

PFMI: Q.11.4.3  
AGC: 97c, 97d

- CSD
- Direct CSD participants
- Final investors
- Not applicable
- OTHER: Be as an integrated company owns the responsibility to contract insurance services.

369 G11Q100  
If you feel that you would like to provide additional details on any of the given answers, feel free to provide any additional comments here (maximum of 5,000 characters) or prepare an additional document identifying the question(s) you are commenting on and upload the document under 98a:

PFMI: Q.11.4.3  
AGC: 98

370 G11Q101  
filecount - Upload document here:

PFMI: Q.11.4.3  
AGC: 98a.

0

371 G11Q102  
Do the CSD's written contracts, rules, or established practices and procedures provide protection against risk of loss of participant assets by the CSD in the form of indemnification?

PFMI: Q.11.4.3

AGC: 67a, 67b.

- Yes
- No
- Not applicable
- OTHER:

372 G11Q103

Please explain (then please answer 67c):

PFMI: Q.11.4.3

AGC: 67b.

B3 has procedures, contracts, internal rules and headlines to protect the investors against the risks of loss and to prevent any damage to the participants and investors in the CSD.

373 G11Q104

Please provide details of the relevant sections of the contracts, rules or practices where this information is found

PFMI: Q.11.4.3

AGC: 67c.

374 G11Q105

Insurance

PFMI: Q.11.4.3

AGC: 67d.

- Yes
- No
- Not applicable
- OTHER:

375 G11Q106

Please explain (then please answer 67f):

PFMI: Q.11.4.3

AGC: 67e.

376 G11Q107

Please provide details of the relevant sections of the contracts, rules or practices where this information is found

PFMI: Q.11.4.3

AGC: 67f.

377 G11Q108

Acknowledgement of liability for losses caused by CSD's own actions.

PFMI: Q.11.4.3

AGC: 67g.

- Not applicable
- No
- Yes

378 G11Q109

Please explain (then please answer 67i):

PFMI: Q.11.4.3

AGC: 67h.

379 G11Q110

Please provide details of the relevant sections of the contracts, rules or practices where this information is found.

PFMI: Q.11.4.3  
AGC: 67i.

380 G11Q111  
Other

PFMI: Q.11.4.3  
AGC: 67j.

- Yes  
 No

381 G11Q112  
Please explain (then please answer 67i):

PFMI: Q.11.4.3  
AGC: 67k.

382 G11Q113  
Please provide details of the relevant sections of the contracts, rules or practices where this information is found.

PFMI: Q.11.4.3  
AGC: 67l.

384 G11Q115  
Are participants permitted to maintain more than one account at the CSD?

PFMI: Q.11.5.1  
AGC: 41

- Not applicable  
 No  
 Yes

385 G11Q116  
If yes, please indicate number:

PFMI: Q.11.5.1  
AGC: 41a, 41c

- An unlimited number of accounts  
 More than one account  
 OTHER:

386 G11Q117  
If more than one account what is the maximum?

PFMI: Q.11.5.1  
AGC: 41b

388 G11Q119  
Are participants required/permitted to segregate assets held for their own benefit from those they hold for their clients?

PFMI: Q.11.5.2  
AGC: 42

- Yes  
 No  
 Not applicable  
 OTHER:

389 G11Q120

If yes, is segregation required or simply permitted?

PFMI: Q.11.5.2  
AGC: 42a

- Permitted
- Required

390 G11Q121

How does segregation occur?

PFMI: Q.11.5.2  
AGC: 42b, 42c

- By separately designated participant accounts.
- By sub-accounts within a single participant account.
- By separately designated beneficial owner accounts.
- OTHER:

391 G11Q122

Does the CSD permit its participants to open accounts in the participant's own nominee name(s)?

PFMI: Q.11.5.2  
AGC: 43, 43b

- Not applicable
- No
- Yes

392 G11Q123

If yes, do laws exist, which define as well as protect the rights of beneficial owners with respect to securities registered in nominee name?

PFMI: Q.11.5.2  
AGC: 43a

- Yes
- No

394 G11Q126

Please indicate services you provide.

PFMI: Q.11.6.1  
AGC: 35

- Own list or: AGC: Information in advance on corporate (annual or special) meetings in order that owners can vote.
- Tax assistance where foreign holders may be entitled to tax relief at source or through a claim.
- In order to avoid fails, an automatic securities lending facility - if requested - is provided for.
- Collateral handling in support of activities including securities lending, overdraft coverage, cash management, repurchase agreements, etc.
- Same day turnaround settlements.
- Information on distribution of new issues (IPO, Privatization).
- Not applicable
- OTHER:

395 G11Q127

Automatic securities lending facility is provided for:

PFMI: Q.11.6.1  
AGC: 35a

- Brokers

- Banks
- Other financial institutions
- OTHER: The service is provided for the final investors, through their depository agents (custodians (for lenders) and brokers (for borrowers)). In Brazil, this service is centralized in B3, following the current legal framework.

396 G11Q128  
If collateral handling, please provide details

PFMI: Q.11.6.1  
AGC: 35c

B3, as a complete infrastructure, does provide the collateral handling solutions to the market. The company clears and settles more than 90% of total trading volume on B3's markets. The benefits of integration and the new risk model include: (i) cost savings (via standardisation of rules, processes and systems, as well as more automation of operating routines); (ii) enhanced liquidity management (thanks to the establishment of a single settlement window); and (iii) more efficient capital allocation by participants, including customers (due to the integrated risk model and single collateral pool). B3's clearing, settlement and CCP services, provide a single set of rules, a single participant structure, a single registration system, a single process for allocation/position control/clearing/settlement, a single risk management system, and a single safeguard structure.

397 G11Q129  
Other, please explain:

PFMI: Q.11.6.1  
AGC: 35d

The final investors, through their depository agents (custodians (for lenders) and brokers (for borrowers)). In Brazil, this service is centralized in B3, following the current legal framework.

398 G11Q130  
What procedures are in place for the processing of corporate action entitlements?

PFMI: Q.11.6.1  
AGC: 36

- Credited to the securities account on the day indicated below regardless of whether actually collected by the CSD on the scheduled date.
- Credited to the securities account upon actual receipt by the CSD.
- Corporate action entitlements are handled by an entity separate from the CSD.
- Not applicable
- OTHER:

399 G11Q131  
Credited to the securities account:

PFMI: Q.11.6.1  
AGC: 36a

- On pay date.
- On pay date +1.
- On pay date +2.
- OTHER:

400 G11Q132  
Name of entity:

PFMI: Q.11.6.1  
AGC: 36c

401 G11Q133  
What procedures are in place for the processing of interest and dividends?

PFMI: Q.11.6.1  
AGC: 37, 37d.

- Credited to the cash account on the day indicated below regardless of whether actually collected by the CSD on the scheduled date.
- Credited to the cash account upon actual receipt by the CSD.
- Income and dividend collection is handled by an entity separate from the CSD.
- Not applicable



OTHER:

402 G11Q134  
Credited to the cash account:

PFMI: Q.11.6.1  
AGC: 37a

- On pay date.
- On pay date +1.
- On pay date +2.
- OTHER:

403 G11Q135  
Name of entity:

PFMI: Q.11.6.1  
AGC: 37c

#### Exchange-of-value settlement systems (PFMI Principle 12)

408 G12Q003  
Does the CSD guaranty settlement?

PFMI: Q.12.1.1  
AGC: 66u.

- Not applicable
- Yes
- No

409 G12Q004  
Please explain how this is accomplished. What are the procedures and safeguards that permit the CSD to guaranty settlement?

PFMI: Q.12.1.1  
AGC: 66v.

B3 Clearinghouse operates a real-time DVP mechanism to limit the risk of loss of principal during settlement in both markets – Listed and OTC. So, the transfer of ownership just occurs by the final point of settlement (DVPs models 1 and 3).

Furthermore, for on-exchange transactions, counterparty exposure is concentrated against B3 arising from its role as central counterparty for the Listed market plus its role as principal in securities lending/borrowing.

As a central counterparty, it adopts an hybrid loss sharing model combining:

collateralization ('defaulter pays'); and

mutualization ('survivors pay') through a Settlement Fund.

Operational limits for clearing participants are fixed according to posted collaterals calculated by the B3's RiskWatch system for regular settlement cycles, which includes equities, fixed income instruments, equities derivatives and securities lending transactions, and by the system CM-TIMS for open positions in equities derivatives markets and in the securities lending program. Clearing members' operational limits are covered by posted collateral which is monitored in real-time. In case a participant fails to pay, the guarantees posted as collateral by the defaulting participant are used to settle its positions. Collaterals are used to cover cash payment failures in the settlement cycle and are managed by B3 as central counterparty. In case a participant fails to pay, its guarantees posted as collateral are used as the first protection mechanism to settle its positions. On the other hand, failures to deliver securities are solved firstly through the Automatic Securities Lending (BTB). In case the securities are not available in the BTB, B3 will initiate a buying procedure to solve failures in the securities delivery in the settlement process.

B3 has a Settlement Fund based on the survivors pay principle. The participants of the Settlement Fund are B3 Clearing members. The Clearing members' contributions are calculated according to the risk represented by the operations remaining to be settled under their responsibility. In order to stipulate the clearing members contribution to the fund, B3 calculates the clearing member's risk exposure stressing the full portfolio (both regular settlement cycle and open positions in derivatives markets) at a level of 99% of confidence based on historical stress scenarios. In case of new calls to make further contributions caused by the size of outstanding settlements, the clearing members can either decide to fulfill the obligation or to reduce the risk exposure to the level of its current participation in the Fund. The clearing member's participation and the size of this fund are calculated monthly.

In case clearing member defaults, the assets available to meet losses incurred by B3 are applied in the following order: a) margin collateral pledged by the defaulting clearing member; b) defaulting clearing member's contribution to the Settlement Fund;

c) B3 own contribution to the Settlement Fund;

d) other clearing members' contribution to the Settlement Fund;

e) B3 segregated capital.

As principal in securities lending/borrowing, B3 offers a securities lending service for on-exchange transactions, named BTB. The automatic BTB is fully integrated in the settlement process to reduce delivery failures. If securities are not available for loan in BTB, buy-ins are instituted to ensure that all trades entered in the system are settled. The buy-in process adopted by B3 allows the broker representing the buyer's investor to execute a new buying

operation at market price, should the equities acquired on TD not be delivered by T+2 by the seller.  
Penalty Fees Policy on Failures to Deliver Securities Associated to Follow-On Transactions.

411 G12Q006

The Committee on Payment and Settlement Systems of the Bank for International Settlements (BIS) has identified three common structural approaches or models for linking delivery and payment in a securities settlement system. Please indicate which model your procedures most closely resemble.

PFMI: Q.12.1.2

AGC: 48

- Model1
- Model2
- Model3
- Not applicable
- OTHER:

412 G12Q007

Please briefly describe your settlement process, including how do your settlement procedures vary from the model chosen above?

PFMI: Q.12.1.3

AGC: 48a

On Listed market, there are different treatments to each kind of securities.

For equities, the net settlement cycle for equities is T+2. After the trade, an overnight batch process generates provisional trade clearing reports to the broker all the mornings (T+1 and T+2). The Securities and Exchange Commission of Brazil requires the settlement of all trades at the investor level and brokers have until 8:30 p.m. on T+0, for resident investors, and until 3 p.m. on T+1 for non-resident investors to provide settlement instructions for equities at the investor level (allocation process). Additionally, brokers can identify the custodian account for settlement if different from ones under their own responsibility and the custodian must confirm these instructions by 9:00pm on T+1. For equities settlement, after the completion of the transfer of securities to B3's transitory settlement account at the depository at 11:00am T+2, B3 informs the clearing agents of their net obligations and receivables at 12:00 am T+2. At 2 p.m. of the settlement date, these clearing members receive the final and consolidated balance of their credits/debits after a second netting process calculated across instruments, involving equities, equities' derivatives and corporate bonds (see further details below), and then have until 2:30 p.m. to agree any adjustments on their net obligations/receivables with B3. The payment of the clearing members' obligations (through their settlement banks) must be made in Central Bank Money until 2:50 pm, to the B3 transitory account at STR (Central Bank Money Transfer System), where funds remain blocked. The final settlement occurs at 3:50 pm when securities are irrevocably transferred from the transitory account of B3 in its depository service to the creditor's accounts in the depository (at the level of the investor) and funds are transferred from the B3 Central Bank transitory settlement account in STR to the clearing agents' settlement banks accounts. The DVP is entirely coordinated by B3. Although the cash payments occur through STR (the Central Bank Money Transfer System), in any moment the Brazilian Central Bank coordinates the process. Also, in the case of gross settlement the SFI-DVP is entirely coordinated by B3 and the cash obligations are paid in the settlement date (that can vary according to the type of operation) and in Central Bank Money.

For gold: The net settlement cycle for gold is T+1. On the settlement date at 2 p.m. the clearing members receive the final and consolidated balance of their credits/debits after a second netting process calculated across instruments, involving gold. The payment of the clearing members' obligations (through their settlement banks) must be made in central bank money until 2:50 pm, to the B3 transitory account at STR (Central Bank Money Transfer System).

For Corporate Bonds: For corporate bonds, B3 also performs a DVP settlement model 3 and a DVP model 1. For this kind of instrument, the participant can choose three settlement cycles, chosen at the trade environment: 1. T+0 on a net basis: The trading of corporate bonds ends at 11:45 a.m. and the allocation process occurs until 12:30 a.m. Clearing agents have until 01:00pm to deliver the corporate bonds. At 2:00 pm of the settlement date a message is sent to the clearing agents' settlement banks through the National Financial System Net (RSFN) with the net cash positions in equities, equities' derivatives and corporate bonds. The payment of the clearing members' obligations (through their settlement banks) must be made in Central Bank Money until 2:50 pm, to the B3 transitory account at STR (Central Bank Money Transfer System). The final settlement occurs at 3:50 pm when securities are irrevocably transferred from the transitory account of B3 in its depository service to the creditor's accounts in the depository (at the level of the investor) and funds are transferred from the B3 Central Bank transitory settlement account in STR to the clearing agents' settlement banks accounts. 2. T+1 on a net basis: The trading of corporate bonds finishes at 5:00pm of T+0 and the allocation process occurs until 8:00 pm of the trading date. The corporate bonds are delivered to B3 depository accounts at 01:00 pm of T+1. At 2:00 pm of the settlement date a message is sent to the clearing agents' settlement banks through the National Financial System Net (RSFN) with the net cash positions in equities, equities' derivatives and corporate bonds. The payment of the clearing members' obligations (through their settlement banks) must be made in Central Bank Money until 2:50 pm of T+1, to the CSD transitory account at STR (Central Bank Money Transfer System). The final settlement occurs at 3:50 pm of T+1 when securities are irrevocably transferred from the transitory account of B3 in its depository service to the creditor's accounts in the depository (at the level of the investor) and funds are transferred from the B3 Central Bank transitory settlement account in STR to the clearing agents' settlement banks accounts. 3. T+0 on a gross real-time basis: The settlement occurs in a gross-real time basis until 6:00pm T+0. Also, in the case of gross settlement, the SFI-DVP is entirely coordinated by B3 and the cash obligations are paid in the settlement date in central bank money. For Fixed Income Securities Asset commitment periods for sales settling in the RTGS system are maximized at 30 minutes provided sellers are prepared to unilaterally cancel transactions if the countervalue has not been made available within that timeframe. Asset commitment exposure may be extended if the transaction is not cancelled, but this is the seller's choice, and hence their own risk. The asset commitment period for purchases is negligible (a matter of minutes) since securities must be positioned in the system by the seller as a condition for the transaction being matched for settlement. Consequently, as soon as the purchaser pays away funds, the securities countervalue should settle immediately.

OTC market:

1) Netting: Issuer's operation risk. The operations must be included until 11:20 a.m. B3 informs the debtor of its net obligations due until 11:25 a.m. From 11:25 a.m. to 12:05 p.m. the debtor confirms its net obligations. The payment of the debtor obligations (through their settlement banks STRR accounts) must be made in Central Bank Money from 12:05 p.m. to 12:30 p.m. The final settlement occurs from 12:45p.m. to 12:55p.m. when the financial credit is transferred from BCB to the settlement bank.

3) BIS DVP model 1: The operations must be included until 5:40 p.m. After the inclusion, B3 informs the debtor of its obligations in real time, that must be confirmed by the creditor in 30 minutes, so it can unilaterally cancel transactions if the countervalue has not been made available within that timeframe, until 5:40 p.m. . If confirmed or not cancelled, the settlement of the debtor obligations (through their settlement banks STR accounts) must be made in Central Bank Money until 5:45 p.m.. After the payment, B3 informs the credit of the financial value. In case of the settlement bank be the same in both parts of the trade, the operation must be included and accepted until 7:20 p.m.

415 G12Q010  
Are the cash and security movements simultaneous?

PFMI: Q.12.1.3  
AGC: 49

- Not applicable
- No
- Yes

416 G12Q011  
If cash and security movements are not simultaneous, please indicate the duration of the timing gap

PFMI: Q.12.1.3  
AGC: 49a

- 2 days
- Overnight
- 5 hours
- 4 hours
- 3 hours
- 2 hours
- 1 hour

#### Participant default rules and procedures (PFMI Principle 13)

421 G13Q004  
During the past three years, has there been a situation where a participant defaulted which resulted in a significant loss?

PFMI: Q.13.1.2  
AGC: 77

- Not applicable
- No
- Yes

422 G13Q005  
How was the situation resolved? Or if you answered "Other," then please explain:

PFMI: Q.13.1.2  
AGC: 77a

423 G13Q006  
Does the stock exchange have default protections that extend to the CSD, such as the following?

PFMI: Q.13.1.2  
AGC: 80

- Margin requirements for stock exchange members
- Guaranty fund for stock exchange members
- Financial requirements for stock exchange membership
- No
- Not applicable
- OTHER:

424 G13Q007  
Please explain:

PFMI: Q.13.1.2  
AGC: 80a

B3 acts as a CCP and in a critical scenario of a participant default, B3 has procedures intended to this issue. B3's clearinghouse has safeguards that include settlement funds, access to liquidity assistance facilities, and indirect access to BCB's discount window via B3 Bank, as well as B3 own cash reserves dedicated to the clearinghouses. B3's cash reserves dedicated to the clearinghouses and the funds that constitute B3's contribution to the settlement funds must be invested in accordance with the restrictions imposed by B3's Financial Investment Policy to assure the immediate availability of funds. Otherwise, has financial requirements to able a participant to act in its markets. B3's CSD will consequently be protected and would participate of this process ensuring the maintenance of the positions until the procedures are over.

427 G13Q010

Participant Default Protections Resulting from a Participant Failure. If a participant defaults, how is the loss covered? (Choose all that apply?)

PFMI: Q.13.1.4

AGC: 76, 76d

- CSD insurance covers the loss
- The CSD guaranty fund covers the loss
- Loss is shared among participants
- Not applicable
- OTHER: B3 acts as a CCP and in a critical scenario of a participant default, B3 has procedures intended to this issue.

428 G13Q011

Please explain the process:

PFMI: Q.13.1.4

AGC: 76a

429 G13Q012

Please explain the process of how the loss is shared:

PFMI: Q.13.1.4

AGC: 76b

- Limited to participants with transactions with failing counterparty
- Pro-rata based on participant's volume
- Equally, among participants

430 G13Q013

Please explain:

PFMI: Q.13.1.4

AGC: 76d

B3 acts as a CCP and in a critical scenario of a participant default, B3 has procedures intended to this issue.

B3's clearinghouse has safeguards that include settlement funds, access to liquidity assistance facilities, and indirect access to BCB's discount window via B3 Bank, as well as B3 own cash reserves dedicated to the clearinghouses. B3's cash reserves dedicated to the clearinghouses and the funds that constitute B3's contribution to the settlement funds must be invested in accordance with the restrictions imposed by B3's Financial Investment Policy to assure the immediate availability of funds. Otherwise, has financial requirements to able a participant to act in its markets. B3's CSD will consequently be protected and would participate of this process ensuring the maintenance of the positions until the procedures are over.

a) the actions that the FMI can take when a default is declared;

On the matter related to B3 Clearinghouse, among the measures that can be taken in the event of default by a clearing member (and therefore, default by one or more brokers and default by one or more clients, collectively called "defaulting participants"), if:

(a) the blocking of guarantees deposited by the defaulting clearing member and the participants under his responsibility; (b) the use, for the fulfillment of the clearinghouse's obligations towards the other clearing members, of the rights and guarantees of defaulting participants and of the other guarantees available in the safeguards structure; (c) the prohibition on contracting new operations by defaulting participants; (d) the blocking of account registration functionalities under the responsibility of participants linked to the defaulting clearing member; (e) blocking the access of participants under the responsibility of the defaulting clearing member, to the trading and registration systems of transactions; (f) the reduction of the operational limits applicable to the defaulting clearing member and the participants linked to it; (g) the closing to market of the positions registered in the name of the defaulting participants; (h) the requirement to deposit additional guarantees; (i) the transfer of the defaulting customers' positions and guarantees linked to the defaulting broker and clearing member; and (j) the closing to market of the positions of the clients referred to in item (i), in case the transfer of their positions and guarantees is not possible or feasible, at the discretion of the clearinghouse. In the case of a clearing member declared an operational debtor, the same measures provided for in the event of default apply, except for measures relating to the closing and transfer of positions and guarantees

In the case of a declaration of default, the aforementioned (a), (b) and (c) above apply, as well as the exclusion of the defaulter as a participant in the clearinghouse, with the operations contracted by him for settlement on dates after the default is settled regularly by the clearinghouse using the amounts owed to it and the guarantees deposited by it.

c) changes to normal settlement practices;

The B3 clearinghouse adopts two different processes for handling asset delivery failure, according to whether the defaulting party has been declared in default or not. The process described in the clearinghouse operating procedures manual applies to the delivery failure committed by a defaulting principal, that is, a principal who, despite the failure to deliver, continues to meet his financial and margin deposit obligations and whose positions do are in the process of being closed. In the event of a delivery failure by a defaulting customer during the process of closing their positions, the clearinghouse adopts a different treatment, described in the risk management manual.

The B3 Recovery Plan contemplates nine stress scenarios that threaten the continuity of its business and its viability and, for each scenario, a specific recovery strategy. The recovery strategies applicable to scenarios associated with credit and / or liquidity and default risk of CCP participants consist of a set of recovery tools, among which the following tools affect the normal functioning of settlement processes:

- Postponement of settlement windows for hours after regular hours, on the same day for which they were provided for in regular processing;
- Deferral / change in the date of settlement windows; and
- Replacement of the settlement of the clearinghouse's financial obligations by settlement in financial assets or currency.

**General business risk (PFMI Principle 15)**

440 G14Q002  
Is a financial audit performed by an Audit Firm, Regulatory Authority, or other external party?

PFMI: Q.17.2.3  
AGC: 15

- Yes  
 No

441 G14Q003  
If yes, please state the name(s) of the entity(ies) who perform the financial audit.

PFMI: n/a  
AGC: 15a.

Ernst & Young

442 G14Q004  
Please list the date of your last financial audit performed by an Audit Firm, Regulatory Authority, or other external party:

PFMI: n/a  
AGC: 15b.

01/04/2020

443 G14Q005  
Please list the period that the audit covered:

PFMI: n/a  
AGC: 15c.

Start date: 01/01/2019  
End date: 31/12/2019

444 G14Q006  
How frequently does the financial audit occur?

PFMI: n/a  
AGC: 15d.

- Less than annually  
 Annually  
 Two or more times a year

445 G14Q007  
If less than annually, please explain:

PFMI: n/a  
AGC: 15e.

446 G14Q008  
Please select the statement that most accurately characterizes the results of the last financial audit:

PFMI: n/a  
AGC: 15g.

- Material exceptions found.

- Minor exceptions found.
- No material exceptions found.

447 G14Q009

If minor or material exceptions were found, what actions were taken? Please describe:

*PFMI: n/a*  
*AGC: 15h.*

448 G14Q010

Has there been any material loss by the CSD during the past three years?

*PFMI: n/a*  
*AGC: 86*

- Not applicable
- No
- Yes

449 G14Q011

If there has been a loss, please describe the cause, the final impact and the action taken to prevent a recurrence:

*PFMI: n/a*  
*AGC: 86a.*

450 G14Q012

Has the CSD been subject to any litigation involving a participant during the past three years?

*PFMI: n/a*  
*AGC: 87*

- Not applicable
- No
- Yes

451 G14Q013

Please explain the circumstances and resolution:

*PFMI: n/a*  
*AGC: 87a.*

452 G14Q014

Has the CSD realized revenues sufficient to cover expenses during the past three years?

*PFMI: n/a*  
*AGC: 88, 88a*

- Not applicable
- None of the last three years
- Yes for one of the last three years
- Yes for two of the last three years
- Yes for all three years

453 G14Q015

Has any participant suffered any losses in the past three years due to the CSD's performance?

*PFMI: n/a*  
*AGC: 30, 30m*

- Not applicable

- No  
 Yes

454 G14Q016

If yes, please select all of the following in which loss has occurred. You will be prompted to enter the number of instances and total loss in USD thereafter.

PFMI: n/a  
AGC: 30a, 30j

- Corporate Action  
 Settlement Process - Securities  
 Settlement Process - Cash  
 System Outage  
 OTHER:

455 G14Q017

Corporate Action. Please specify number of instances:

PFMI: n/a  
AGC: 30b.

456 G14Q018

Corporate Action. Please specify total loss in USD:

PFMI: n/a  
AGC: 30c.

457 G14Q019

Settlement Process - Securities. Please specify number of instances:

PFMI: n/a  
AGC: 30d.

458 G14Q020

Settlement Process - Securities. Please specify total loss in USD:

PFMI: n/a  
AGC: 30e.

459 G14Q021

Settlement Process - Cash. Please specify number of instances:

PFMI: n/a  
AGC: 30f.

460 G14Q022

Settlement Process - Cash. Please specify total loss in USD:

PFMI: n/a  
AGC: 30g.

461 G14Q023

System Outage. Please specify number of instances:

PFMI: n/a  
AGC: 30h.

462 G14Q024

System Outage. Please specify total loss in USD:

PFMI: n/a  
AGC: 30i.

463 G14Q025

For Other, please specify number of instances:

PFMI: n/a

AGC: 30k.

464 G14Q026

For Other, please specify total loss in USD:

PFMI: n/a

AGC: 30l.

468 G14Q030

Does the CSD maintain a reserve for operating losses?

PFMI: Q.15.2.1

AGC: 89, 89b

- Not applicable
- No
- Yes

471 G14Q033

Please describe and indicate reserve (for operating losses) amount:

PFMI: Q.15.2.2

AGC: 89a.

**Custody risk (PFMI Principle 16)**

485 G15Q003

Are there any activities performed by a third party on behalf of the CSD for the CSD participants (e.g., vaulting of physical securities, registration, entitlement processing, etc.)?

PFMI: Q.16.1.1

AGC: 29, 29i

- Yes
- No
- Not applicable
- OTHER:

486 G15Q004

If third parties are employed, please indicate which services they supply:

PFMI: Q.16.1.1

AGC: 29a.

Vaulting of physical securities.

487 G15Q005

If third parties are employed, does the CSD assume liability for losses incurred by participants as a result of the actions/inactions of the third parties?

PFMI: Q.16.1.1

AGC: 29b.

- Yes
- No

488 G15Q006

If you acknowledge responsibility, please indicate whether your responsibility is assumed

PFMI: Q.16.1.1

AGC: 29c, 29e.



- regardless of whether such loss was caused by any action or inaction of the agent
- if such loss was caused by the agent's action or inaction and such action or inaction was deemed to be negligence on the part of the agent
- if such loss was caused by the agent's action or inaction and such action or inaction was deemed to be gross negligence on the part of the agent
- if the loss was caused by the willful default or other willful conduct on the part of the agent
- OTHER:

489 G15Q007  
 If you acknowledge responsibility for agents, your responsibility is assumed for losses  
 PFMI: Q.16.1.1  
 AGC: 29d, 29h.

- without limit
- which are not consequential losses
- subject to a monetary limit not based on insurance limits
- subject to a monetary limit based on insurance limits
- OTHER:

490 G15Q008  
 Please specify limit:  
 PFMI: Q.16.1.1  
 AGC: 29f.

491 G15Q009  
 Please specify limit:  
 PFMI: Q.16.1.1  
 AGC: 29g.

496 G15Q014  
 Please describe briefly the arrangements / procedures / facilities you maintain to ensure that eligible securities held at the CSD are handled at least as efficiently as compared to securities held outside the CSD, particularly in relation to income, corporate actions and proxy services.  
 PFMI: Q.16.3.1  
 AGC: 62

The rules and procedures that guarantee these arrangements/procedures/facilities are periodically revisited and are foreseen at the B3 bylaws and B3's Depository bylaws. Besides that, B3 has a formal agreement with the issuers (supported by a rule from the Brazilian Securities Commission) regarding the disclosure of income, corporate action information and proxy services information. Otherwise, B3 has procedures to able a third party doing this service and the participant has to accredit B3's bylaws. The BSM is responsible to audit annually the participants to ensure that they are fulfilling the rules and procedures previously accepted and to give credibility in their services to the market.

On the matter related to CSD itself, the assets deposited by investors at the B3 CSD are held under the fiduciary ownership of the B3 CSD and not custodians (which are responsible for the operational procedures relating to the custody of the assets). To safeguard the integrity of the assets, the B3's CSD conducts periodic reconciliation of the totals of assets issues in the B3's CSD for each issuer (or its issuing agent), and ensure that the total number of assets recorded in the B3's CSD for a particular issue is equal to the amount of assets of that issue held on the B3's CSD's books. As the issuer (or its issuing agent) is the only entity that can verify the total amount of an individual issue, B3's CSD and the issuer cooperate closely to ensure that the assets in circulation in the system correspond to the volume issued into that system. For that, the B3's CSD provides all the information necessary for issuers, issuing agent and custodians to carry out their own reconciliations of assets. Should they identify discrepancies, participants must immediately notify the B3's CSD so that both can take actions and make the necessary adjustments.

The B3's CSD acts to administrate corporate actions related to deposited assets, thus safeguarding the rights of assets issuers and holders. This service includes: (i) treatment and registration of corporate actions in assets accounts; (ii) providing the custodians with information that allows monitoring of the corporate actions occurred; (iii) enabling participants to perform the necessary maintenance on provisioned corporate actions (transfers, tax treatment and confirmation of amounts); (iv) control of voluntary corporate actions, such as subscription rights, subscription surpluses, dissent, conversion rights, and withdrawal; and (v) settlement of these corporate actions (payment transfers, assets delivery and position adjustments).

Issuers, registrars and custodians can rely on the B3's CSD solutions for registering remote voting ballots and disseminating, collecting and transmitting voting intentions. Therefore, we enable the virtual participation of holders at shareholders meetings. The key benefits provided by this service: (i) facilitates voting/representation at shareholders' meetings; (ii) enables inclusion of proposals by shareholders; and (iii) reduces costs from participation/representation and bureaucracy.

Adhesion to the Remote Voting service is carried out by Issuers through B3's Corporate Intelligence (CICORP).

As for the assets deposited in guarantee by the participants of its Clearinghouses, B3 acts directly in the correspondent CSD and TR systems, without the interposition of a custodian.

Therefore, B3 is exposed to the risk of custodian banks only in terms of its own resources and the guarantees in cash deposited by the clearing members.

**Operational risk (PFMI Principle 17)**

---

514 G16Q011  
Internal Audit. Is an internal audit undertaken in your CSD?

PFMI: Q.17.2.3  
AGC: 14

- Yes  
 No

515 G16Q012  
If yes, what areas does the audit cover (financials, operations, etc.) and which department in your CSD handles it?

PFMI: Q.17.2.3  
AGC: 14a.

The procedures are handled with the objective to evaluate the activities performed by B3 through an evaluation and risk prioritization process method and the Internal audit covers all the existing areas in B3, including: Access Control, participants' identification, trading, securities lending, risk management and collateralization, registration, depository and custody services (including corporate actions), clearance and settlement, information technology and operations. It is undertaken by a specific department named Internal Audit.

The Internal Audit aims to evaluate the activities developed by B3 through a process of risk assessment and prioritization, and the auditable universe (set composed of all business and information technology macroprocesses of B3) should be fully evaluated in a period of no more than 5 years.

516 G16Q013  
Please list the date of your last internal audit and the period that the audit covered:

PFMI: Q.17.2.3  
AGC: 14b.

Start date: 01/10/2019  
End date: 30/08/2020  
Audit date: 16/10/2020

517 G16Q014  
How frequently does the internal audit occur?

PFMI: Q.17.2.3  
AGC: 14c.

- Less than annually  
 Annually  
 Two or more times a year

518 G16Q015  
If less than annually, please explain:

PFMI: Q.17.2.3  
AGC: 14d.

519 G16Q016  
Are the results of the internal audit publicly available?

PFMI: Q.17.2.3  
AGC: 14e.

- Yes  
 No

520 G16Q017  
Please select the statement that most accurately characterizes the results of the last internal audit:

PFMI: Q.17.2.3  
AGC: 14f.

- Material exceptions found.  
 Minor exceptions found.  
 No material exceptions found.

521 G16Q018

If minor or material exceptions were found, what actions were taken? Please describe:

PFMI: Q.17.2.3

AGC: 14g.

523 G16Q020

Is an operational audit performed by an Audit Firm, Regulatory Authority, or other external party?

PFMI: Q.17.2.4

AGC: 16

 Yes No

524 G16Q021

If yes, please state the name(s) of the entity(ies) who perform the operational audit.

PFMI: Q.17.2.4

AGC: 16a.

Ernst &amp; Young and Brazilian Central Bank.

525 G16Q022

Please list the date of your last operational audit performed by an Audit Firm, Regulatory Authority, or other external party:

PFMI: Q.17.2.4

AGC: 16b.

13/06/2020

526 G16Q023

Please list the period that the audit covered:

PFMI: Q.17.2.4

AGC: 16c.

Start date: 01/01/2019

End date: 31/12/2019

527 G16Q024

How frequently does the operational audit occur?

PFMI: Q.17.2.4

AGC: 16d.

 Less than annually Annually Two or more times a year

528 G16Q025

If less than annually, please explain:

PFMI: Q.17.2.4

AGC: 16e.

529 G16Q026

Please select the statement that most accurately characterizes the results of the last operational audit:

PFMI: Q.17.2.4

AGC: 16g.

 Material exceptions found. Minor exceptions found. No material exceptions found.

530 G16Q027

If minor or material exceptions were found, what actions were taken? Please describe:

PFMI: Q.17.2.4

AGC: 16h.

537 G16Q034

How is access to the physical building controlled?

PFMI: Q.17.5.1

AGC: 74

- By guards
- By electronic keys
- personal ID card
- By alarm system
- OTHER:

538 G16Q035

Please explain:

PFMI: Q.17.5.1

AGC: 74a.

B3 has permanent surveillance and recording through closed circuit television, guards around and inside the buildings and restricted areas controlled by personal ID cards.

541 G16Q038

Regarding data security: Are passwords used by participants to access their accounts?

PFMI: Q.17.5.3

AGC: 71 71a.

- Not applicable
- No
- Yes

542 G16Q039

Does each user have a unique user ID?

PFMI: Q.17.5.3

AGC: 71c.

- Not applicable
- No
- Yes

543 G16Q040

Are passwords regularly changed?

PFMI: Q.17.5.3

AGC: 71e.

- Not applicable
- No
- Yes

544 G16Q041

How often?

PFMI: Q.17.5.3

AGC: 71f.

Once a month.

545 G16Q042  
Is there a user lock-out after a pre-set number of unsuccessful User ID attempts?

PFMI: Q.17.5.3  
AGC: 71h.

- Not applicable
- No
- Yes

546 G16Q043  
How many?

PFMI: Q.17.5.3  
AGC: 71i.

After 3 attempts.

550 G16Q047  
How quickly can the main system be reactivated in the event of an outage?

PFMI: Q.17.6.2  
AGC: 82

- Not applicable
- Longer than 24 hours
- 8 - 24 hours
- 4 - 8 hours
- 1 - 4 hours

Other: In an extreme situation, it may last from 3 minutes to 10 minutes to be reactivated. It is important to highlight that B3 has a Business Continuity Management process that involves plans, including a Business Impact Analysis, and all the processes are mapped and have action plans to mitigate the damage to the market.

553 G16Q050  
Will the CSD publicly announce any system interruption?

PFMI: Q.17.6.4  
AGC: 84

- Not applicable
- No
- Yes

554 G16Q051  
To whom will the CSD disclose any system interruptions?

PFMI: Q.17.6.4  
AGC: 84a.

- To the CSD regulators
- To all direct participants
- To direct and indirect participants
- To the public via the internet
- In the press
- OTHER:

555 G16Q052  
If so, please list webpage address:

PFMI: Q.17.6.4  
AGC: 84b.

556 G16Q053  
If so, please list all publications:

PFMI: Q.17.6.4  
AGC: 84c.

557 G16Q054  
Please explain:

PFMI: Q.17.6.4  
AGC: 84d.

The Brazilian Central Bank, the Brazilian Securities Exchange Commission and all the direct participants are informed.

558 G16Q055  
How will the CSD disclose any system interruptions?

PFMI: Q.17.6.4  
AGC: 84e.

- By e-mail
- By telephone
- Public announcement
- Press release
- OTHER: SISBACEN

559 G16Q056  
Please explain:

PFMI: Q.17.6.4  
AGC: 84f.

Besides the use of telephone and email, the communication may be done through SISBACEN, which is the Brazilian Central Bank Information System. Its main objectives are the processing, storage and on-line recovery of data and information updated in real time. The SISBACEN complex incorporates a sophisticated teleinformatics network that interconnects National Financial System institutions, federal government entities, the legislative and judiciary branches and state entities with the Brazilian Central Bank.

561 G16Q058  
If a back-up system exists, how quickly can the back-up system be activated in the event of the main system failing?

PFMI: Q.17.6.5  
AGC: 83

- Not applicable
- Longer than 24 hours
- 8 - 24 hours
- 4 - 8 hours
- 1 - 4 hours
- Other: It takes from 1 to 10 minutes, depending on the segment.

565 G16Q062  
BUSINESS RECOVERY PLAN. This section is intended to identify key aspects of the CSD's Business Recovery Plan (BRP), including testing requirements and past results, expected recovery time periods, and the independent review and validation (if any) of the BRP. Do you have a formal business recovery plan?

PFMI: Q.17.6.8  
AGC: 81

- Yes
- No

566 G16Q063  
Does your Business Recovery Plan include:

PFMI: Q.17.6.8  
AGC: 81a, 81h.

- Back-up of all computer files
- Off-site data storage
- Back-up files stored and locked
- Off-site operations facility
- OTHER:

567 G16Q064

Please identify both the frequency and the last date of testing for the following third party: CSD participants/members

PFMI: Q.17.6.8  
AGC: 81b.

Testing of Business Recovery Plan involving depository participants/members is programmed to take place once a year. Last test performed in october 2020.

568 G16Q065

Please identify both the frequency and the last date of testing for the following third party: Stock exchange

PFMI: Q.17.6.8  
AGC: 81c.

Testing of Business Recovery Plan involving stock exchange is programmed to take place once a year. Last test: august 27th

569 G16Q066

Please identify both the frequency and the last date of testing for the following third party: Central bank

PFMI: Q.17.6.8  
AGC: 81d.

Testing of Business Recovery Plan involving central bank is programmed to take place twice a year. Last test: august 28th

570 G16Q067

Please identify both the frequency and the last date of testing for the following third party: Local brokers

PFMI: Q.17.6.8  
AGC: 81e.

571 G16Q068

Please identify both the frequency and the last date of testing for the following third party: Any other third party

PFMI: Q.17.6.8  
AGC: 81f.

572 G16Q069

In the past three years, has it been necessary to activate the recovery plan in a live situation?

PFMI: Q.17.6.8  
AGC: 85

- Not applicable
- No
- Yes

573 G16Q070

If yes, how much time was needed to implement the recovery plan?

PFMI: Q.17.6.8  
AGC: 85a.

- Longer than 4 hours
- 2 - 4 hours
- 1 - 2 hours

- Less than 1 hour

574 G16Q071  
How much time was needed to recover and restore business to normal operations?

*PFMI: Q.17.6.8*  
*AGC: 85b.*

- Longer than 24 hours
- 8 - 24 hours
- 4 - 8 hours
- 1 - 4 hours

575 G16Q072  
What was the impact to the market?

*PFMI: Q.17.6.8*  
*AGC: 85c, 85d.*

- All securities settlements took place as scheduled on the same day with good value
- All cash settlements took place as scheduled on the same day with good value
- All securities settlements took place one business day late with good value
- All cash settlements took place one business day late with good value
- All securities settlements took place one business day late with value one day late
- All cash settlements took place one business day late with value one day late
- All securities settlements took place more than one business day late
- All cash settlements took place more than one business day late
- As a result of the system failure, all fines and penalties for late settlements were waived
- Even though there was a system failure, all fines and penalties for late settlements were still assessed
- OTHER: In the past 3 years and more, there were not defects or failures to the main systems that justified the use of the recovery plan.

576 G16Q073  
If no or other, please explain

*PFMI: Q.17.7.4*  
*AGC: 40a.*

578 G16Q075  
Are procedures and controls (firewalls) in place to avoid systemic collapse or contamination if one of the linked entities should experience business interruptions for whatever reason?

*PFMI: Q.17.7.1*  
*AGC: 39*

- Yes
- No
- Not applicable

579 G16Q076  
Please explain

*PFMI: Q.17.7.1*  
*AGC: 39a*

B3 has several of procedures that work to ensure the operational continuity in a disaster scenario, as Business Impact Analyses, Tehnological Disaster Recovery Plan, Workplace Contingency Plan, Operacional Contingency Plan, Crisis Management Plan and a Response Plan. Those continuity plans cover both internal operations and external linkages.

583 G16Q080  
Has a business interruption recovery plan been developed in the event the linkages should become inoperable for any reason?



PFMI: Q.17.7.4  
AGC: 40

- Yes
- No
- Not applicable
- Other

**Access and participation requirements (PFMI Principle 18)**

587 G17Q003  
Are prospective participants subject to an initial review and approval process regarding compliance with eligibility requirements?

PFMI: Q.18.1.1  
AGC: 19

- Not applicable
- No
- Yes

591 G17Q007  
What governs the relationship between the CSD and the participants?

PFMI: Q.18.2.2  
AGC: 20

- Relevant law and regulation
- Standard participation contract
- Established terms and conditions of participation
- By-laws of the CSD
- Rules of the CSD
- Not applicable
- OTHER:

592 G17Q008  
Please explain:

PFMI: Q.18.2.2  
AGC: 20a

Besides the CSD By-laws, B3 has normatives and rules to enable a participant to act in both segments. About this issue, there are a specific rulebook that governs the relationship between B3 and its participants and a rulebook from the CSD that, among other rules, defines the role of each member.

594 G17Q010  
PARTICIPANTS AND PARTICIPATION. The purpose of this section is to understand issues relating to participation in the CSD, including eligibility requirements, conditions of participation, and supervision of participants. What types of entities are eligible to become participants and how many of each type are there currently?

PFMI: Q.18.2.3  
AGC: 17, 17q

- Banks
- Brokers
- Individuals
- Foreign Institutions
- Not applicable
- OTHER: Depository Agents (Custodians) - dealers, pension funds, mutual funds, insurance companies, Clearing agents: dealers, Investment Funds, Leasing Co., Mortgage Co., Consumer Credit Co., Savings, Loan Associations and Non Financial Institutions..

595 G17Q011  
How many Bank participants are there currently? (then please answer 17b)

PFMI: Q.18.2.3  
AGC: 17a.

199

596 G17Q012  
Please select the features included in the eligibility requirements for Banks.

PFMI: Q.18.2.3  
AGC: 17b, 17d

- Financial Thresholds
- Regulatory Oversight
- Market Experience
- OTHER:

597 G17Q013  
Please explain:

PFMI: Q.18.2.3  
AGC: 17d.

To be eligible, a Bank has a set of rules to accomplish before being accepted as a participant at B3. These requirements are necessary to ensure more confidence to the market. A group of internal areas is responsible to evaluate and to admit or not an institution in B3 markets.

598 G17Q014  
How many Broker participants are there currently? (then please answer 17f)

PFMI: Q.18.2.3  
AGC: 17e.

83

599 G17Q015  
Please select the features included in the eligibility requirements for Brokers.

PFMI: Q.18.2.3  
AGC: 17f, 17h

- Financial Thresholds
- Regulatory Oversight
- Market Experience
- OTHER:

600 G17Q016  
How many Individual participants are there currently? (then please answer 17j)

PFMI: Q.18.2.3  
AGC: 17i.

601 G17Q017  
Please select the features included in the eligibility requirements for Individual participants.

PFMI: Q.18.2.3  
AGC: 17j.

- Financial Thresholds
- Regulatory Oversight
- Market Experience
- OTHER:

602 G17Q018  
How many Foreign Institution participants are there currently?

PFMI: Q.18.2.3  
AGC: 17m.

603 G17Q019

Please select the features included in the eligibility requirements for Foreign Institution participants.

PFMI: Q.18.2.3

AGC: 17n, 17p.

- Financial Thresholds
- Regulatory Oversight
- Market Experience
- OTHER:

604 G17Q020

If you have selected "Other entities" above, please explain:

PFMI: Q.18.2.3

AGC: 17q.

There are other institutions able to be participants since they comply with B3 By-laws. Eg. Depository agents (custodians) - dealers, pension funds, mutual funds, insurance companies, Clearing agents: dealers, Investment Funds, Leasing Co., Mortgage Co., Consumer Credit Co., Savings, Loan Associations and Non Financial Institutions.

605 G17Q021

Indicate how many "Other entities" are currently participants?

PFMI: Q.18.2.3

AGC: 17r.

12.280.

606 G17Q022

Please select the features included in the eligibility requirements for the participants referred to above as "Other entities".

PFMI: Q.18.2.3

AGC: 17s, 17u

- Financial Thresholds
- Regulatory Oversight
- Market Experience
- OTHER: The eligibility requirements for all kinds of participants are disclosed in the B3 's by-laws and regulations. They are available at [http://www.b3.com.br/pt\\_br/regulacao/estrutura-normativa/regulamentos-e-manuais/central-depositaria.htm](http://www.b3.com.br/pt_br/regulacao/estrutura-normativa/regulamentos-e-manuais/central-depositaria.htm)

609 G17Q025

Where can a description of the specific eligibility requirements for Bank participants be found?

PFMI: Q.18.2.5

AGC: 17c.

The eligibility requirements for bank participants are disclosed in the B3 's by-laws and regulations. They are available at [http://www.b3.com.br/pt\\_br/regulacao/estrutura-normativa/regulamentos-e-manuais/central-depositaria.htm](http://www.b3.com.br/pt_br/regulacao/estrutura-normativa/regulamentos-e-manuais/central-depositaria.htm)

610 G17Q026

Where can a description of the specific eligibility requirements for Broker participants be found?

PFMI: Q.18.2.5

AGC: 17g.

The eligibility requirements for broker participants are disclosed in the B3 's by-laws and regulations. They are available at [http://www.b3.com.br/pt\\_br/regulacao/estrutura-normativa/regulamentos-e-manuais/central-depositaria.htm](http://www.b3.com.br/pt_br/regulacao/estrutura-normativa/regulamentos-e-manuais/central-depositaria.htm)

611 G17Q027

Where can a description of the specific eligibility requirements for Individual participants be found?

PFMI: Q.18.2.5

AGC: 17k.

612 G17Q028

Where can a description of the specific eligibility requirements for Foreign Institution participants be found?

PFMI: Q.18.2.5

AGC: 17o.

613 G17Q029

Where can a description of the specific eligibility requirements for participants described above as "Other entities" be found?

PFMI: Q.18.2.5

AGC: 17t.

The eligibility requirements for all institutions able to be participants are disclosed in the B3 's by-laws and regulations. They are available at [http://www.b3.com.br/pt\\_br/regulacao/estrutura-normativa/regulamentos-e-manuais/central-depositaria.htm](http://www.b3.com.br/pt_br/regulacao/estrutura-normativa/regulamentos-e-manuais/central-depositaria.htm)

614 G17Q030

How does the CSD notify participants of material changes to the conditions of participation?

PFMI: Q.18.2.5

AGC: 22

- By e-mail
- By telephone
- By public announcement
- By press release
- Not applicable
- OTHER:

615 G17Q031

Please explain:

PFMI: Q.18.2.5

AGC: 22a.

All official communication issued by the B3's CSD are made available to participants through e-mail and company website as an official communication.

617 G17Q033

Who enforces compliance with the CSD's conditions of participation?

PFMI: Q.18.3.1

AGC: 23

- The CSD
- The exchange
- The CSD's regulator
- Not applicable
- OTHER:

618 G17Q034

Please explain:

PFMI: Q.18.3.1

AGC: 23a

The self-regulatory independent body of B3 and the regulator are responsible to enforce conditions of participation to the companies.

619 G17Q035

Does the CSD have forms of oversight management for assessing and monitoring of the following?

PFMI: Q.18.3.1

AGC: 79

- Participant eligibility requirements
- Participant volumes
- Participant financial strength
- Other loss or default protections the CSD maintains
- Collateral requirements for participants

- Debit caps for participants
- Settlement controls that minimize or eliminate the risk of default by a participant
- Blocking of securities movement before receipt of payment
- Blocking payment until securities are moved
- Not applicable
- OTHER:

620 G17Q036  
Please explain other loss or default protections:

PFMI: Q.18.3.1  
AGC: 79a

621 G17Q037  
Please explain the requirements:

PFMI: Q.18.3.1  
AGC: 79b

B3 has procedures in their systems and people that monitors dates and other information, as limits, expiration date of atualizations and all the conditions that allows an institution to be a participant, according to its level and category.

622 G17Q038  
Please explain how these debit caps work:

PFMI: Q.18.3.1  
AGC: 79c

The process flows according to the level each participant intends to be part of. Once chosen, B3's registration area starts the procedures and distribute documents to the responsible areas to evaluate and audit the intended participant. In this case, B3's credit risk department is the respective area to analyse and approve or disapprove the resgistration of the new participant at the chosen level.

623 G17Q039  
What type or types of settlement controls

PFMI: Q.18.3.1  
AGC: 79d.

- Blocking or freezing of securities positions
- Controlling DVP settlement
- Simultaneous DVP
- OTHER:

624 G17Q040  
Please explain:

PFMI: Q.18.3.1  
AGC: 79e.

625 G17Q041  
Please explain:

PFMI: Q.18.3.1  
AGC: 79f.

626 G17Q042  
Please explain:

PFMI: Q.18.3.1  
AGC: 79g.

The DVP is entirely coordinated by B3. The cash payments occur through STR (the Central Bank Money Transfer System), in any moment the Brazilian central bank coordinates the process. Also, it is important to mention that throughout the entire process the securities or cash remains blocked. They stay in a transitory settlement account in B3 depository service and STR, respectively, that are hard up by the end of the settlement process.

627 G17Q043  
Please identify and explain:

PFMI: Q.18.3.1

AGC: 79h

628 G17Q044

Please explain briefly how these work:

PFMI: Q.18.3.1

AGC: 79i

631 G17Q047

What enforcement actions are available to the enforcement authority?

PFMI: Q.18.3.3

AGC: 24

- Fines
- Restrictions on participation
- Suspension of participation
- Termination of participation
- Not applicable
- OTHER: Warnings

632 G17Q048

Please explain:

PFMI: Q.18.3.3

AGC: 24a

Depending on the identified situation, a warning is applied to the participant to notify and resolve the problem.

633 G17Q049

Has there been any such enforcement actions in the last three years?

PFMI: Q.18.3.3

AGC: 25

- Yes
- No

634 G17Q050

If yes, please explain, including information relative to any suspensions of CSD participants:

PFMI: Q.18.3.3

AGC: 25a.

**Tiered participation (PFMI Principle 19)****Links (PFMI Principle 20)**

651 G19Q004

Please list all depositories or settlement systems to which you have an electronic link.

PFMI: Q.20.1.2

AGC: 38

We have electronic links for message exchange with the following Depositories or settlement systems: IBERCLEAR (Spain); Caja de Valores S.A. (Argentina); DTCC (USA - Warning); Euroclear (Warning); SELIC (Brazil - Warning); and Clearstream Luxembourg for the collateral management processing.

B3 CSD has a link with IBERCLEAR in Spain to support trading on Spain's Latibex market. The link between B3 CSD and IBERCLEAR is to support the Mercado de Valores Latino Americano (Latibex) market, which trades Brazilian equities in Spain. IBERCLEAR has a depository account at B3 CSD which is used by Brazilian investors who wish to trade their securities in the Spanish market. The relevant securities are deposited in IBERCLEAR's account at B3 CSD where they remain blocked. The Latibex market will then create a register for those securities which are eligible to be traded.

A link with the Caja de Valores in Argentina was introduced, and the two depositories have signed a reciprocal agreement to allow the issuance of depository receipts based on book-entry registers. The linkage with Caja de Valores (CVSA) in Argentina allows the issuance of depository receipts based on book-entry registers. B3 CSD and Caja de Valores have reciprocal accounts which allow the simultaneous negotiation of Brazilian and Argentinean shares in both markets. The agreement between B3 CSD and Caja de Valores also includes the exchange of information related to

corporate actions.

Currently B3 the csd link with IBERCLEAR comprises approximately 20 securities of brazilian companies and with CAJA DE VALORES the number of 2 securities .

Also, B3 CSD has established two international agreements, one with Depository Trust and Clearing Corporation (DTCC) from the USA and the other one with Euroclear. B3 CSD has a pledge account at DTCC and a similar account at Euroclear which are used mainly by foreign investors to collateralise their positions in the Brazilian cash and derivatives market as well as its securities lending program.

Besides that, B3 CSD has a link with the SELIC operated by BCB, for the movement of Treasury Bonds accepted in guarantee and for the purposes of cash clearing in local currency, respectively.

#### Efficiency and effectiveness (PFMI Principle 21)

##### Communication (PFMI Principle 22)

676 G21Q003

Security Control. How do participants receive information (view actual settlement of trades, movement of securities on their accounts, etc.) and see the status of their accounts?

PFMI: Q.22.1.1

AGC: 69

- By direct electronic link
- By receipt of physical account holding statements
- Not applicable
- OTHER:

677 G21Q004

Please explain:

PFMI: Q.22.1.1

AGC: 69a.

Daily operational and movement reports are provided by electronic data transfer. In some specific situations a participant can ask for a physical statement of positions.

678 G21Q005

Do participants have access to affect their holdings, including confirming and affirming trades, movement of securities on their accounts, etc.?

PFMI: Q.22.1.1

AGC: 70

- Not applicable
- No
- Yes

679 G21Q006

How is access given to participants?

PFMI: Q.22.1.1

AGC: 70a.

- By direct electronic link
- OTHER:

680 G21Q007

Please select type of electronic link:

PFMI: Q.22.1.1

AGC: 70b.

- Dial-up modem
- Secured, leased, dedicated telephone line
- Internet
- Fax

681 G21Q008

Please explain:

*PFMI: Q.22.1.1*  
*AGC: 70c.*

The B3's systems are operated by internet and a secured line which the participant can access and according to its permissions, is able to move, transfer, consult or do any other operation. Each participant has a code number, an user code and passwords to access the secure environment.

682 G21Q009

Does the CSD communicate with other market entities such as stock exchanges, payment systems, clearing houses, etc., by secured linkages?

*PFMI: Q.22.1.1*  
*AGC: 72*

- Not applicable
- No
- Yes

683 G21Q010

Please explain:

*PFMI: Q.22.1.1*  
*AGC: 72a*

B3 has accounts to communicate to other market entities as stock exchanges. It occurs because has commercial relations maintained with these entities and the access is made by secured linkages with individual user and passwords.

684 G21Q011

How does the CSD communicate with Stock Exchanges?

*PFMI: Q.22.1.1*  
*AGC: 73 73a*

- Dial-up modem
- Secured, leased, dedicated telephone line
- Internet
- Fax
- Paper
- other
- Not applicable
- OTHER:

685 G21Q012

How does the CSD communicate with Payment Systems?

*PFMI: Q.22.1.1*  
*AGC: 73b*

- Dial-up modem
- Secured, leased, dedicated telephone line
- Internet
- Fax
- Paper
- other
- Not applicable
- OTHER:

686 G21Q013

How does the CSD communicate with Clearing Houses?

*PFMI: Q.22.1.1*  
*AGC: 73c*



- Dial-up modem
- Secured, leased, dedicated telephone line
- Internet
- Fax
- Paper
- other
- Not applicable
- OTHER:

687 G21Q014  
How does the CSD communicate with Registrars?

PFMI: Q.22.1.1  
AGC: 73d

- Dial-up modem
- Secured, leased, dedicated telephone line
- Internet
- Fax
- Paper
- other
- Not applicable
- OTHER:

#### Transparency and disclosure (PFMI Principle 23)

712 G22Q020  
Capital. Are annual financial statements publicly disclosed?

PFMI: Q.23.5.3  
AGC: 13

- No
- Yes

713 G22Q021  
If yes, the AGC requests a copy of the institution's annual report. Is the annual report available electronically?

PFMI: Q.23.5.3  
AGC: 13a.

- Yes
- No

714 G22Q022  
filecount - If yes, please upload the document(s) here or insert web link(s) in question 13d:

PFMI: Q.23.5.3  
AGC: 13b.

0

715 G22Q023  
filecount - If more than one document for 13b, please upload the additional document here:

PFMI: Q.23.5.3  
AGC: 13c.

0

716 G22Q024

Please insert web link(s) for 13b here:

PFMI: Q.23.5.3

AGC: 13d.

please see the report at: <https://ri.b3.com.br/enu/4008/666809.pdf>

717 G22Q025

If no, and annual report and/or financial statements are not disclosed, please state your share capital, reserves, and retained earnings (or equivalents as determined under local accounting standards). Share Capital (then please answer 13f):

PFMI: Q.23.5.3

AGC: 13e.

718 G22Q026

Reserves (then please answer 13g):

PFMI: Q.23.5.3

AGC: 13f.

719 G22Q027

Retained Earnings:

PFMI: Q.23.5.3

AGC: 13g.

721 G22Q029

AGC members from time to time receive requests from their direct investor-clients for an informational copy of a CSD's completed questionnaire. Such requests typically lead to interactions between personnel at the CSD in question and member personnel or client personnel, or both. Those interactions take time and impose costs on both members and depositories. Do you approve of AGC members delivering a copy of your completed questionnaire to the member's direct client in response to the client's request?

PFMI: Q.23.5.4

AGC: 100

 Yes No

722 G22Q030

Are the results of the financial audit publicly available?

PFMI: Q.23.5.4

AGC: 15f

 Yes No

723 G22Q031

Are the results of the operational audit publicly available?

PFMI: Q.23.5.4

AGC: 16f

 Yes No**Compliance with SEC Rule 17f-7**

726 G23Q001

Rule 17f-7, by reference to Rule 17f-4, requires that, for a CSD to be eligible to hold securities of U.S. registered investment companies (such depositories hereinafter referred to as "Eligible Securities Depositories"), the CSD must be a "system for the central handling of securities where all securities of any particular class or series of any issuer deposited within the system are treated as fungible and may be transferred or pledged by bookkeeping entry without physical delivery of the securities."

Are all securities of a particular class or series of any issuer that are deposited in your institution treated as fungible, and can they be transferred or

pledged by bookkeeping entry without physical delivery of the securities?

PFMI: n/a  
AGC: 1

- Yes  
 No

727 G23Q002  
Please explain

PFMI: n/a  
AGC: 1a

B3's CSD has more than 99% of the deposited securities dematerialized. It means that any transfer is possible without a physical delivery. It is just necessary to give a command in the B3 systems.

728 G23Q003

Rule 17f-7 also requires that an Eligible Securities CSD "acts as or operates a system for the central handling of securities or equivalent book-entries in the country where it is incorporated," or "acts as or operates a transnational system for the central handling of securities or equivalent book-entries." Does your institution:

PFMI: n/a  
AGC: 2

- Act as or operate a system for the central handling of securities or equivalent book-entries in the country where it is incorporated?  
 Act as or operate a transnational system for the central handling of securities or equivalent book-entries?  
 Act in another capacity with respect to the handling of securities or equivalent book-entries?  
 Not applicable  
 OTHER:

729 G23Q004  
Please explain:

PFMI: n/a  
AGC: 2a.

The B3 Central Securities Depository services are offered for securities and bonds totally operated over the Brazilian territory.

730 G23Q005

Please specify the types of securities for which you act as or operate a system for the central handling of securities or equivalent book-entries:

PFMI: n/a  
AGC: 2b.

It comprises equities, corporate bond, real estate investment trust (REIT), mortgage-backed securities (MBS, receivables investment funds, gold and agribusiness bonds), Corporate Money Market Instruments; Interbanking and Bank Certificates of Deposit, Bills of Exchange; Investment Fund Quotas; Export Notes; Real Estate Securitization Certificates.

731 G23Q006

Rule 17f-7 requires that an Eligible Securities Depository regulated by a foreign financial regulatory authority as defined under section 2(a)(50) of the Act, with section 2(a)(50) establishing that a 'foreign financial regulatory authority' means any (A) foreign securities authority, (B) other governmental body or foreign equivalent of a self-regulatory organization empowered by a foreign government to administer or enforce its laws relating to the regulation of fiduciaries, trusts, commercial lending, insurance, trading in contracts of sale of a commodity for future delivery, or other instruments traded on or subject to the rules of a contract market, board of trade or foreign equivalent, or other financial activities, or (C) membership organization a function of which is to regulate the participation of its members in activities listed above." Who regulates the activities of the CSD?

PFMI: n/a  
AGC: 8

- A governmental body or regulatory organization empowered to administer or enforce laws related to securities matters.  
 A governmental body or self-regulatory organization empowered to administer or enforce laws related to other financial activities.  
 A membership organization which regulates the participation of its members in securities matters or other financial activities.  
 OTHER:

732 G23Q007  
Please explain:

PFMI: n/a

AGC: 8a.

B3 is a self-regulatory organization (SRO), is under supervision of Comissão de Valores Mobiliários (CVM), the Brazilian Securities and Exchange Commission and Banco Central do Brasil, the Brazilian Central Bank.

733 G23Q008

Please provide the name of regulatory authority(ies) identified in question 8:

PFMI: n/a

AGC: 9

CVM – Comissão de Valores Mobiliários, Brazilian Securities and Exchange Commission and BCB - Banco Central do Brasil, Brazilian Central Bank.

734 G23Q009

Rule 17f-7 requires that an Eligible Securities Depository is subject to periodic examination by regulatory authorities or independent accountants. Is the CSD subject to periodic examination by:

PFMI: n/a

AGC: 10

- Regulatory authorities?
- Independent accountants?
- OTHER: Internal audit.

735 G23Q010

Please explain:

PFMI: n/a

AGC: 10a

Besides been audited by CVM and the Brazilian Central Bank, B3 has a periodic internal audit.

736 G23Q011

Name of Authority # 1 (please answer 11a):

PFMI: n/a

AGC: 11

CVM - Comissão de Valores Mobiliários - the Brazilian Securities and Exchange Commission

737 G23Q012

What enforcement actions are available to regulatory authority # 1 for breach of applicable statute or regulatory requirements?

PFMI: n/a

AGC: 11a.

- Fines
- Restrictions on CSD activities.
- Suspension of CSD activities.
- Termination of CSD activities.
- OTHER: Warnings

738 G23Q013

Please explain:

PFMI: n/a

AGC: 11b.

The Brazilian Securities and Exchange Commission audits B3's services and is responsible to enforce any punishment according to the seriousness of the infraction.

739 G23Q013A

Name of Authority # 2:

Banco Central do Brasil (BCB), the Brazilian Central Bank

740 G23Q014

What enforcement actions are available to regulatory authority # 2 for breach of applicable statute or regulatory requirements?

PFMI: n/a

AGC: 11c.

- Fines
- Restrictions on CSD activities.
- Suspension of CSD activities.
- Termination of CSD activities.
- OTHER: Warnings

741 G23Q015

Please explain:

PFMI: n/a

AGC: 11d.

The Brazilian Central Bank audits B3's services and is responsible to enforce any punishment according to the seriousness of the infraction.

742 G23Q016

Has there been any use of such enforcement actions in the last three years?

PFMI: n/a

AGC: 12

- Yes
- No
- OTHER:

743 G23Q017

If yes, please explain:

PFMI: n/a

AGC: 12a.

744 G23Q018

Has the regulatory body with oversight responsibility for the CSD issued public notice that the CSD is not in current compliance with any capital, solvency, insurance or similar financial strength requirements imposed by such regulatory body?

PFMI: n/a

AGC: 90

- Not applicable
- No
- Yes

745 G23Q019

Please describe:

PFMI: n/a

AGC: 90a.

746 G23Q020

In the case of such a notice having been issued, has such notice been withdrawn, or, has the remedy of such noncompliance been publicly announced by the CSD?

PFMI: n/a

AGC: 90b.

- No
- Yes

747 G23Q021

If yes, please describe:

PFMI: n/a

AGC: 90c.

748 G23Q022  
If no, why not?

PFMI: n/a  
AGC: 90d.

749 G23Q023

Rule 17f-7 requires that an Eligible Securities Depository holds assets for the custodian that participates in the system on behalf of the Fund under safekeeping conditions no less favorable than the conditions that apply to other participants. Please confirm that assets of foreign investors held by custodians as participants in the CSD are held under safekeeping conditions no less favorable than the conditions that apply to other participants.

PFMI: n/a  
AGC: 21

- Yes
- No
- Not applicable

750 G23Q024

If no, other or not applicable, please explain:

PFMI: n/a  
AGC: 21a.

751 G23Q025

Please confirm the basis for the arrangements you have in place to ensure that the assets you hold for custodians receive the same level of safekeeping protection as the assets held for other categories of participants.

PFMI: n/a  
AGC: 21b, 21c.

- Relevant Law and Regulation
- Standard participation contract
- Established terms and conditions of participation
- By-laws of the CSD
- Rules of the CSD
- OTHER:

752 G23Q027

For each item in Question 21b that you checked, please briefly supply references or citations to the law(s), regulation(s), or CSD rule(s), participation condition(s), or participant contract provision (s), as applicable.

PFMI: n/a  
AGC: 21d

Every corporate action or any other event that happens, as the safekeeping is equal to all accounts (Instruction CVM 505, 506, Money Laundering Law 12.683/2012, SA's Law, Resolution 4373). The account structure at B3 Depository is totally segregated, that is, at the level of the final investor, so every asset must be in a specific account, which can be held by a custodian or any other participant (Art. 15 - Subsection I, Section IV - CSD Rulebook). B3's By-laws and rules attest that every security has the same treatment as the issuers and custodians have the same duties and obligations (Art. 39 - section III - CSD Rulebook).

753 G23Q028

Rule 17f-7 requires that an Eligible Securities Depository provides periodic reports to its participants with respect to its safekeeping of assets, including notices of transfers to or from any participant's account. Does the CSD make available periodic safekeeping reports to participants, including notices of transfers to or from the participant's account?

PFMI: n/a  
AGC: 46

- No
- Yes

754 G23Q029

If no or other, please explain

PFMI: n/a  
AGC: 46a.

755 G23Q030  
If yes, please indicate the scheduled frequency:

PFMI: n/a  
AGC: 46b, 46c.

- Daily  
 Weekly  
 Monthly  
 Quarterly  
 Annually  
 Upon request  
 OTHER:

756 G23Q031  
Does the CSD maintain records that identify the assets of each participant and segregate the system's own assets from the assets of participants?

PFMI: Q.11.5.2  
AGC: 53, 53a

- Yes  
 No  
 Not applicable  
 OTHER:

#### Relevant RSSS recommendations

##### Cyber Security

764 G25Q001  
Does your organization have a documented cyber security policy in place?

PFMI: n/a  
AGC: 101

- Yes  
 No

Yes. B3 has a framework of policies and standards related to Information Security.

The Information Security Policy is public and is available at

<https://rib3.com.br/en/corporate-governance/bylaws-codes-and-policies/>

765 G25Q001A  
filecount - If you answered Yes to the previous question, please provide a copy or overview

0

766 G25Q002  
Please confirm that your staff receive relevant training about this policy.

PFMI: n/a  
AGC: 102

- Yes  
 No

Yes. People are considered the first line of defense against security risks, so they should undergo periodic training to establish a safety culture. The trainings, formalized by the security awareness plan, consist of Phishing Campaigns, mandatory training for all employees joining the company, alerts and news related to security on relevant topics disclosed through corporate newsletters and a week of information security.

767 G25Q003  
Please provide an overview of your policy for continuity of business in the event of a large data breach or cyber attack against your organization.

*PFMI: n/a*  
*AGC: 103*

B3 Business Continuity Management System provides mechanisms to develop a crisis management and response structure supported by appropriate levels of authority and competence to ensure effective communication with the stakeholders defined in the communication plan, part of the Management Plan. B3 crises.

It is part of the crisis management process to define and maintain the crisis communication structure with appropriate roles and responsibilities for an effective response.

Those responsible for crisis communication are trained and prepared to communicate clearly and objectively, using different channels. Communication with the press in the event of a crisis is conducted by the B3 spokesperson, according to the rules defined in the Press Relationship Standard and the Press Policy.

Additionally, see our Business Continuity Policy, available on the B3 website through the following link: <https://api.mziq.com/mzfilemanager/v2/d/5fd7b7d8-54a1-472d-8426-eb896ad8a3c4/6e08c726-a4fb-90ef-ecdb-d181700f0df5?origin=1>

768 G25Q004  
In the last 12 months have there been any changes to the policy?

*PFMI: n/a*  
*AGC: 104*

Yes  
 No

Yes. The last Security Policy update took place in August 2020

769 G25Q005  
Please advise how often you review the policy.

*PFMI: n/a*  
*AGC: 105*

Annually  
 Semi-annually  
 Other

Annually or on demand.

770 G25Q006  
filecount - Please provide (as an attachment) a diagram showing where your cyber security function resides and who it reports to.

*PFMI: n/a*  
*AGC: 106*

Question G25Q006.pdf (65KB)	Question G25Q006
1	

771 G25Q007  
How does your organization identify which business functions carry a cyber risk

*PFMI: n/a*  
*AGC: 107*

Finally, the B3 monitoring team (SOC) analyzes the B3 environment on a 24x7 scale and is able to identify the areas with the greatest cyber risks.

772 G25Q008  
Do you conduct ongoing testing and monitoring processes to ensure that all internal and external connectivity and system configurations are not at risk of cybersecurity breaches?

*PFMI: n/a*  
*AGC: 108*

Yes  
 No



Yes. B3 has a dedicated 24x7 incident monitoring and management (SOC) team, which operates in established processes for incident response. Incidents are classified according to their criticality and have defined SLAs related to service. The incident response team is responsible for monitoring and, when identifying the incident, responding appropriately.

Playbooks are defined to guide teams in responding to incidents, ensuring the correct response.

The incident response process is connected to the crisis management process, which provides for full escalation and contact with customers if necessary.

In addition, B3 has a formal process for analyzing and correcting vulnerabilities, carrying out validations in the 3 spheres: Infrastructure, mobile applications and web applications, all on a recurring (cyclical) basis.

773 G25Q009  
What technological controls and protections are in place for your systems and networks?

PFMI: n/a  
AGC: 109

There is a dedicated Cybersecurity department at B3 with two reporting lines, to the IT and Risk departments. B3 operates very effective network security mechanisms firewall, anti-virus, complex password requirements, intrusion detection, principle of least privilege.

At B3, Internal and External Pen Tests are carried out annually in the systems and application infrastructure, in BlackBox and WhiteBox format, applied by a contracted partner.

774 G25Q010  
Does your organization use multi-factor authentication

PFMI: n/a  
AGC: 110

- Yes
- No

Yes. B3 uses the double authentication factor as a practice.

775 G25Q011  
Where your organization has outsourced activities or functions to a third-party provider, is your cyber risk exposure documented?

PFMI: n/a  
AGC: 111

- Yes
- No

**Explanatory note:** B3 has some cybersecurity requirements for 3rd parties – for participants they have minimum requirements on password, firewalls, etc. In addition, for critical third parties they do due diligence (system providers).

776 G25Q012  
What measures does your organization have to ensure early detection of a cyber attack?

PFMI: n/a  
AGC: 112

B3 has all the solutions for protecting data and infrastructure, such as:

- Intrusion Detection System (IDS) / Intrusion Prevention System (IPS)
- Antivirus / Anti-Malware / APT
- Security Information and Event Manager (Splunk)
- Internet Content Filters
- Scanners and Email Filters
- DLP
- WAF

In addition, B3 has a dedicated 24x7 incident monitoring and management (SOC) team, which operates in established incident response processes. Incidents are classified according to their criticality and have defined SLAs related to service. The incident response team is responsible for monitoring and, when identifying the incident, responding appropriately.

777 G25Q013  
What is the agreed resumption time for critical operations following a cyber attack?

PFMI: n/a  
AGC: 113

Critical process has RTO = 2 hours.

778 G25Q014

How would you advise clients of a successful cyber attack against your organization?

PFMI: n/a  
AGC: 114

B3 Business Continuity Management System provides mechanisms to develop a crisis management and response structure supported by appropriate levels of authority and competence to ensure effective communication with the stakeholders defined in the communication plan, part of the Management Plan. B3 crises.

It is part of the crisis management process to define and maintain the crisis communication structure with appropriate roles and responsibilities for an effective response.

Those responsible for crisis communication are trained and prepared to communicate clearly and objectively, using different channels. Communication with the press in the event of a crisis is conducted by the B3 spokesperson, according to the rules defined in the Press Relationship Standard and the Press Policy.

779 G25Q015

In the last 12 months has your organization been subject to a cyber attack that impacted the service you provide to us? If yes, please provide details.

PFMI: n/a  
AGC: 115

- Yes  
 No

780 G25Q016

Are the following elements of your cybersecurity framework tested pre and post deployment of changes?

PFMI: n/a  
AGC: 116

- Vulnerability assessment  
 Scenario based penetration tests  
 Testing of incident response process and technical/business/operations (e.g. table-top exercise)  
 OTHER:

781 G25Q017

For cloud technology and associated cyber security risks, do you have procedures and controls in place to protect our information from mishandling or theft?

In the comments section could you please explain how these procedures and controls tie back to your record retention policy?

PFMI: n/a  
AGC: 117

- Yes  
 No

782 G25Q018

Does your organization conduct dark web searches for signs of a breach (internet protocol or customer/client personally identified information for sale)?

PFMI: n/a  
AGC: 118

- Yes  
 No

783 G25Q019

Is your organization aware of SWIFT's Customer Security Program (CSP)?

PFMI: n/a  
AGC: 119

- Yes  
 No

Yes. All controls are applied to the Cloud environment.

784 G25Q020

Does your organization ensure compliance with SWIFT's CSP controls?

PFMI: n/a  
AGC: 120

- Yes  
 No

Yes. B3 adheres to the compliance of the SWIFT CSP controls.

785 G25Q021

Does your organization respond to requests for your institution's attestations?

PFMI: n/a  
AGC: 121

- Yes  
 No

Yes. We answer Assessments and go through the Due Diligence process for our customers.

786 G25Q022

Does your organization request the attestation details of your counterparties and incorporate the responses into ongoing relationship and risk management programs?

PFMI: n/a  
AGC: 122

- Yes  
 No

B3 suppliers are monitored by the contract managers regarding their ability to deliver the products and / or services contacted. Failure to meet service levels is subject to fines and termination as defined in the contract.

B3 conducts evaluations on its suppliers, establishing a risk score according to the responses received and the supplier's criticality. In view of the score, action plans are determined, which may be the collection of an action plan to correct the flaws in its controls, duplicate contracting of services or contract termination.

Critical supplies for B3, such as communication link providers, are provided by more than one company, eliminating concentration on just one supplier.

In addition, B3 includes in its supply contracts an aggressive SLA to ensure more resilience in the services provided.

#### Appendices