



Enforcement issues in Latin America

December 2020

About Issuers' Department

Roles

Enforcement

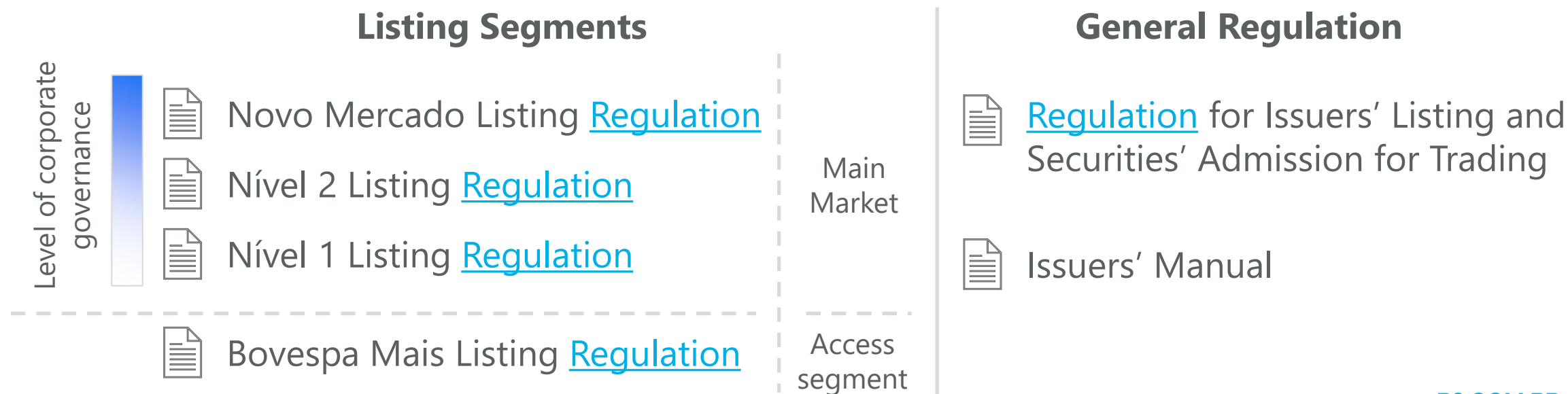
Agreements with *Comissão de Valores Mobiliários* (Brazilian Securities and Exchange Commission)



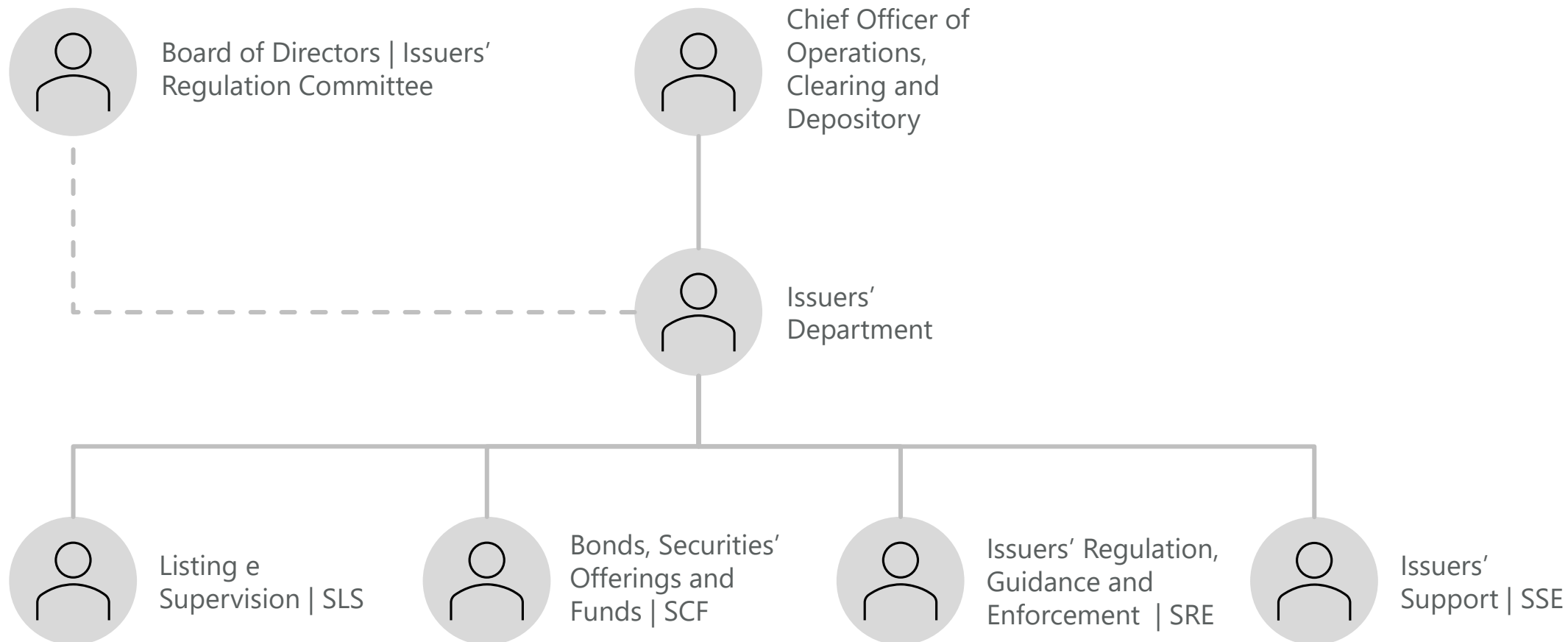
The Issuers' Department ("ID") was created in 2010, from the division of the former Companies Relations' Department, and aims at self regulatory functions regarding Companies listed on B3.



Its main role is to elaborate the listing rules applicable to the issuers listed on B3, as well as the enforcement of such rules. The following Listing Segments are under ID's supervision:



Issuers' Department Structure



Issuers' Department roles



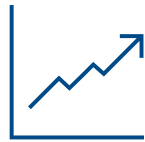
Issuers' Department roles are divided in 6 main activities:



Enacting
regulations



Guidance



Securities
Listing and
Offerings



Monitoring



Supervision



Enforcement

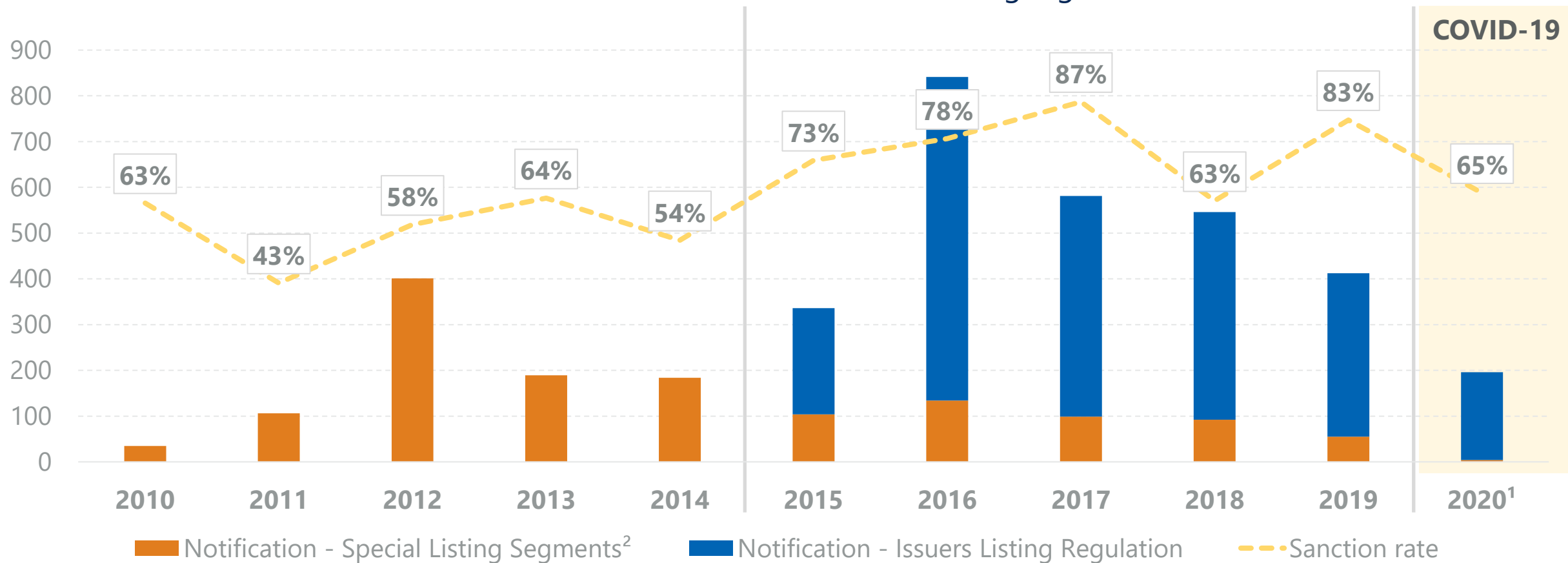
Comparative listing of segments (corporate governance and disclosure)

	Nível 1	Nível 2	Novo Mercado
Free float	25%		25% or 15%, if the ADTV is above R\$ 25 MM
Composition of the Board of Directors	Minimum of 3 members (pursuant to Brazilian Corporations Law), with unified term of up to 2 years	Minimum of 5 members , of which at least 20% must be independent with unified term of up to 2 years	Minimum of 3 members (pursuant to Brazilian Corporations Law), of which at least 2 or 20% (whichever is greater) must be independent with unified term of up to 2 years
Prohibition of cumulation of positions	Chairman of the Board of Directors and Chief Executive Officer or Main Officer by the same person (a grace period of 3 years from accession)		Chairman of the Board of Directors and Chief Executive Officer or Main Officer by the same person. In case of vacancy that results in cumulation of positions, it is obligatory the disclosure of certain information and the compliance with a deadline to the regularization
Disclosure in English	There is no specific regulation	There is no specific regulation besides the financial statements	Material Information or Benefit distribution information (Notice to Shareholders or Notice to the market) and results press releases
Policies	Securities negotiation policy and code of conduct		The following policies: (i) Compensation Policy ; (ii) Nomination Policy of the Board of Directors, Advisory Committees and Executive Management Board ; (iii) Risk Management Policy ; (iv) Related Party Transaction Policy ; (v) Securities Trading Policy
Audit Committee, Internal Auditing, and Compliance	Optional		Mandatory setting up of an audit committee or statutory audit committee, internal auditing and compliance, internal controls and corporate risks functions with the requirements set forth in the Regulation (deadline to comply with this requirement: 2022)

Statistics about enforcement



Notifications and sanctions related to all listing regulations



¹ Until October 2020

² Novo Mercado, Nível 2, Nível 1, Bovespa Mais and Bovespa Mais Nível 2

Since Aug.2015, the enforcement was extended to all listed companies pursuant to the Regulation for Issuers' Listing and Securities' Admission for Trading

Regulation for Issuers' Listing and Securities' Admission for Trading

Timely provision of periodic information | B3 will enforce this obligation, observing the extensions established via Executive Order 931 and CVM Deliberations 848 and 849 mentioned above

Penny stock monitoring | Suspended, which will be within six months counted as of the revocation of the state of calamity that was declared by Brazil's Congress on March 20, 2020 due to Covid-19

Defense submission, in case of noncompliance with the obligations that have not been relaxed | Extended from 15 days to 30 Days

Listing Segments | Nível 1, Nível 2 e Novo Mercado

Maintaining the free float | In case of share buyback program, : B3 will grant a deadline of 18 months to resume Compliance

Composition of the board of directors | The company being obligated to rectify the noncompliance at its next shareholders' meeting after revocation of the State of calamity.

Prohibition on the accumulation of positions | Additional deadline that will correspond to the company's next shareholders' meeting after revocation of the State of calamity

Holding a public meeting with analysts | B3 will consider this obligation met when executed, exclusively, via conference call

Holding a public presentation | Extend the deadline to execute their public presentation from 5 business days to 10 business days

Annual Calendar | Suspended communication to the market prior to executing the event, when the deadline of a minimum 5 days' notice

End of the deadline for adapting to the Novo Mercado Regulation | extended to the annual shareholders' meeting that will approve the 2021 financial statements



Monitoring disclosure of periodic and occasional information and news published regarding listed companies



Development and maintenance of systems related to disclosure of information (Empresas.Net and FundosNet)

Companies

16.881 items processed

756 items demanded

Rate: 4,5%

Funds

7.792 items processed

56 items demanded

Rate: 0,7%



Other activities related to listed issuers' supervision, such as operationalizing the trading halts procedure, approved by the regulator



Thank you!

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