

WFC Single Disclosure Report 2024

AGC answers

Date submitted

31/10/2023 09:56:23

AGC: 0a

Please indicate the full name of the responding institution:

B3 – Brasil, Bolsa, Balcão S.A. - Central Securities Depository

AGC: 0c

Registered address:

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

AGC: 0d

Country of registered address:

Brazil

AGC: 1

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?

☒ Yes☐ No

AGC: 1a

Please explain

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.

AGC: 2

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:

☒ 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:

AGC: 2a.
Please explain:

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

AGC: 2b.
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:

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.

AGC: 3
What type of legal entity is the institution?

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

AGC: 4
Is the institution operated as a "for profit" or a "not for profit" organization?"

- ☒ For profit
- ☐ Not for profit

AGC: 5
Please provide the names of the owners and their ownership interest percentages.

AGC: 6a
What is the date of establishment of the CSD?
Please enter the answer in DD/MM/YYYY format.

If you are filling the survey for more than one organization, please enter the name of each organization in different lines and in front of each one the corresponding date.

2017-03-22 00:00:00

AGC: 6b
What is the date that the CSD's operations began?
Please enter the answer in DD/MM/YYYY format.

If you are filling the survey for more than one organization, please enter the name of each organization in different lines and in front of each one the corresponding date.

2017-03-22 00:00:00

AGC: 7

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

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

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

Important to note that the National Monetary Council (Conselho Monetário Nacional - CMN) regulates the Brazilian Financial system and capital markets, whereas BCB is responsible for implementing the monetary and credit policies established by the CMN.

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

- i. Law no. 4.595/64: states over monetary, banking and credit politics and institutions;
 - ii. Law no. 4.728/65: defines the roles of the CMN and the BCB in the financial and capital markets;
 - iii. Law no. 6.404/76: the Brazilian Corporation Law;
 - iv. Law no. 6.385/76: states over the Brazilian securities market and creates CVM;
 - v. 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;
 - vi. CMN Resolution no. 4.593/17: states over the financial assets suitable for registration in TR's and its centralized deposit;
 - vii. Rulebook attached to BCB Resolution no. 304/23: which provides the requirements that shall be specified in CSD's and TR rulebooks;
 - viii. CVM Rule no. 135/22: regulates the stocks, commodities, and futures exchanges;
 - ix. BCB Communiqué no. 32.549/2018: lists the systems that are part of the Brazilian Payments System (*Sistema de Pagamentos Brasileiro (SPB)*), which includes B3 (formerly BM&FBOVESPA) Central Depository and OTC B3 (formerly CETIP UTVM Segment);
 - x. CVM Rule no. 31/21: states over the services authorized to be offered by CSDs, its rights and duties;
 - xi. CVM Rule no. 32/21: states over the services to be offered by securities custodians, its rights and duties;
 - xii. CVM Rule no. 33/21: states over the services to be offered by bookkeeping agents, its rights and duties.
- i. .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 BCB Resolution no. 304/23 and CVM Rule no. 31 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.
- iii. B3's OTC Rules: Provides mainly the rights and duties of B3, as an OTC market infrastructure (CSD and others) and its participants.

AGC: 7a

Is the regulation or statute electronically available?

☒ Yes

☐ No

AGC: 7b

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

Law no. 4.595/64 (http://www.planalto.gov.br/ccivil_03/leis/l4595.htm)Law no. 4.728/65 (http://www.planalto.gov.br/ccivil_03/leis/l4728.htm)Law no. 6.404/76 (http://www.planalto.gov.br/ccivil_03/leis/l6404consol.htm)Law no. 6.385/76 (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)CMN Resolution no. 4.593/17 (https://normativos.bcb.gov.br/Lists/Normativos/Attachments/50425/Res_4593_v3_P.pdf)Rulebook attached to BCB Resolution no. 304/23 (<https://www.bcb.gov.br/estabilidadefinanceira/exibenormativo?tipo=Resolu%C3%A7%C3%A3o%20BCB&numero=304>)CVM Rule no. 135/22 (<https://conteudo.cvm.gov.br/export/sites/cvm/legislacao/resolucoes/anexos/100/resol135consolid.pdf>)BCB Communiqué no. 32.549/2018 (<https://www.bcb.gov.br/estabilidadefinanceira/exibenormativo?tipo=Comunicado&numero=32549>)CVM Rule no. 31/21 (<https://conteudo.cvm.gov.br/export/sites/cvm/legislacao/resolucoes/anexos/001/resol031consolid.pdf>)CVM Rule no. 32/21 (<https://conteudo.cvm.gov.br/export/sites/cvm/legislacao/resolucoes/anexos/001/resol032.pdf>)**ENGLISH VERSION** - B3's Central Depository Rules(https://www.b3.com.br/data/files/F1/C0/DB/0D/6C2068101BBF1068AC094EA8/B3%20Central%20Depository%20for%20Equities%20Rules_20230130.pdf)**ENGLISH VERSION** - B3's Central Depository Operating Procedures Manual(<https://www.b3.com.br/data/files/4D/86/81/FB/D4C09810C7AB8988AC094EA8/B3%20Central%20Depository%20Operating%20Procedures%20Manual%20-%2020230630.pdf>)

OTC B3 Rule Book

https://www.b3.com.br/en_us/regulation/regulatory-framework/regulations-and-manuals/repository-and-settlement.htm

AGC: 7c

filecount - Please supply document(s) here:

AGC: 7d

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?

The B3's Depository Services are under the management of B3's Board of Directors and Executive Management Board. The shareholders shall meet ordinarily within the first four months after the fiscal year closes to decide on the matters set forth under Article 132 of Brazilian Corporate Law (including the election of the Board of Directors, 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 Company's Board of Directors ("Board") is comprised of 11 members, all independent. They are elected at the shareholders' meeting and receive a two-year mandate 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, conducts elections, removes and monitors the Executive Officers 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 the knowledge set forth in the Companies' internal policies and rules, which, among other, includes the knowledge of the functioning of the markets operated by the Company and/or its subsidiaries, as well as other areas of knowledge, aiming at increasing diversity in the Board's composition; (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 consider diversity aspects and ensure multiple competencies, such as having a recognized professional background, solid experience, strategic vision, and alignment to the Company's principles.

Executive Management Board: The Executive Management Board is 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 and investment plans.

The Executive Management Board has two Operations Vice-Presidents, both elected in 2021, and reelected in 2023, as successors of the previous Chief Operating Officer, who has held the position for 13 years (since BM&FBovespa). Nowadays Mr. Mario Rodrigo Leitzke Palhares is the Operations of Electronic Trading and Central Counterparty Vice-President, responsible for electronic trading, settlement, central counterparty (CCP) and its risks management, as well as for seeking to ensure compliance with the IOSCO PFMI principles by the Company. He joined the exchange in 2002 (when it was called BM&F Association) and participated on its demutualization and IPO, the process of merging BM&F with Bovespa and the merger process of BM&FBovespa with Cetip, when the company became B3 in 2017. Since he joined the Company, Mr. Mario has occupied several positions, including B3 Custody and Settlement Bank's Executive Officer and Electronic Trading Managing Officer. The Operations of Issuers, Depository and OTC Vice-President is Ms. Viviane El Banate Basso, who is responsible for central securities depository (CSD), trade repository (TR) and the B3 Custody and Settlement Bank. Ms. Viviane has also been in the Company since 2002, with the mission of constructing the Securities Clearinghouse, a central counterparty for the federal government bonds secondary market. During the merged BM&F and BOVESPA period she had a leading position in the Post-Trade Integration Project (IPN), and after this in the founding of B3, after the CETIP merge. She has held several positions in all of these organizations and from 2008 to 2021 was Settlement/Post-Trade Managing Officer. According to the article 147 paragraph 1st and 2nd of Law 6,404, the following are disqualified for election to a statutory 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 a statutory office in a publicly held corporation. Furthermore, 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.

In addition to the requirements set forth above, the members of the Board of Directors shall at no time include more than one Director having ties, as defined in CVM (Brazilian Securities Commission) Resolution 135/2022, with the same holder with authorization to operate in trading or transaction register environments or systems in the markets managed by the Company, to the Company's markets, or having ties with the same entity, conglomerate or group of which the holder of authorization is part. At least two (2) directors of the Company shall be Directors maintaining relationship, as defined in CVM Resolution 135/2022, with the holder who has authorization to operate in trading or transaction register environments or systems in the markets managed by the Company, selected amongst the holders with effective representativeness and leadership in the markets they operate.

The Company conducts background checks and reputational analyses of candidates for the Board of Directors and the Statutory Executive Board to ensure these professionals qualifications and if they continue to be technically and administratively qualified to perform their functions, in accordance with Article 16 of the Central Bank of Brazil's Resolution 304/23.

For further information, including the qualification of the members of the administration, please refer to item 7 of the attached B3's Reference Form or access the Company's Investor Relations website: <https://ri.b3.com.br/en/regulatory-filings/>

AGC: 7e

What are the election procedures?

The members of the Board of Directors are elected by the shareholders at the Shareholders' Meeting, pursuant to the procedures set forth in the Company's Bylaws. Pursuant to the Bylaws, the election of the members of the Board of Directors will be carried out according to the system defined by the said Board in the material disclosed when calling the shareholders' meeting that will deliberate on the election, in this sense, candidates or slates may run, as the case may be: (i) those nominated by the Board of Directors; or (ii) those that are appointed by shareholders in the manner provided for in paragraphs 3 and 5 of the Article 23 of the Company's Bylaws. The Board of Directors 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 candidates appointed, containing: (i) his or her complete identification information; (ii) a description of his or her professional experience, including activities performed at the least in the last 5 years and academic qualifications; (iii) information regarding disciplinary or legal proceedings in which an award 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 Law No. 6.404/1976; (iv) declaration of compliance with the eligibility requirements provided for by CVM Resolution No. 135; (v) conformation of compliance with the requirements set forth in the Novo Mercado Regulations when running for membership as independent director; and (vi) confirmation of compliance with the independence requirements defined in CVM Resolution No. 135, when candidate for the position of Unbound Director, as defined in the Company's Bylaws. Where a shareholder or group of shareholders wishes to propose a different slate or candidates, as the case may be, to the Board of Directors, jointly with the slate proposal, to be submitted under the terms of prevailing rules, it shall forward to the Board of Directors statements signed individually by the candidates they nominate, containing the information required in the preceding paragraph. Such disclosure shall comply with the applicable regulations. If the election of the Board of Directors is carried out by the slate system: (i) the same person may be nominated in two or more slates, including the one proposed by the Board of Directors; and (ii) 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. In the event that the Board of Directors defines the adoption of the slate nomination system, under the terms of the main provisions of the Article 23 of the Bylaws and candidates are nominated individually, the voting system shall dispense with the slate system and votes shall be cast relating to each individual candidate, and in any case the provisions of Article 22 must be respected. 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. 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. Promptly upon receiving the request, the Company shall release notice thereof in the Company's Internet site advising shareholders that the election will take place in a cumulative voting process, and shall forward the same information, via computer, to the CVM and B3. 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. If 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 of 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 of its votes to a single candidate or spread out the votes among several. Candidates that receive the highest number of votes shall be declared elected. 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. Where the election of Directors is carried out in a cumulative voting process, the removal of one shall result in removal of all the Directors for a new election process to take place. Otherwise, when there is a vacancy occurring in the membership of the Board of Directors, the replacement shall be appointed by the other Directors based on a recommendation of the Corporate Governance and Nomination Committee to serve until the next Shareholders' Meeting, when a new Director must be elected, who shall complete the term of office of the replaced Director. In the event of vacancy in the position of Board Chairman, the Vice Chairman shall fill in the position until such time as a new Chairman is elected. If there is a vacancy of the majority of positions of the Board of Directors, a Shareholders' Meeting must be convened, within a maximum of 15 days from the event, to elect the alternates, who must complete the terms of office of those being replaced.

AGC: 7f

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

The board members are elected for a two (2) years mandate and reelection is permitted. For further information please refer to item 7 of the attached B3's Reference Form; Bylaws (section II) or access the Company's Investor Relations website: <https://ri.b3.com.br/en/>.

AGC: 7g

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)?

Each member of the Board of Directors has the right of one vote in the meetings of the Board. In accordance to the Article 26 of the Company's Bylaws, 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 Bylaws. In the case of a tie, the Chairman of the Board of Directors has the casting vote.

AGC: 7h

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?

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, in the Brazilian Corporate Law, in the rules and regulations of the Brazilian Securities Commission (CVM) and in the rules of the Novo Mercado.

The Board of Directors has its own process. The evaluation is annual, formal and structured, conducted by the President, with support from the Corporate Governance and Nomination Committee. The process may rely on external consultants or may be carried out internally with the help of the Corporate Governance Department.

The objective of the process is to facilitate structured discussions on action for continuous improvement in the performance for systematically enhanced efficiency of the role of the Board of Directors.

Two dimensions are covered in this process: (i) Evaluation of the Overall Performance of the Board of Directors; (ii) Individual evaluation of Members (self-assessment and peer assessment).

The overall dimension includes the following sections: (a) strategic focus of the Board and involvement in the long-term strategic agenda; (b) composition, knowledge, and independence of the Board; (c) functioning of the Board and dynamics of meetings; (d) group culture and relationship with the Executive Board; and (e) quality and efficiency of advisory committees for the Board of Directors.

The set of questions for the overall dimension is sent not only to the members of the Board of Directors but also to the members of the Executive Board, so that they can conduct this evaluation.

The individual dimension takes into consideration, among other aspects, active participation in meetings, interaction with other members, contribution of knowledge, and level of preparation for meetings.

The annual evaluation process is divided into three stages:

Step 1: Completion of the questionnaire - This step of the process encompasses an individual reflection by each member on the above mentioned global and individual dimensions through the completion of a questionnaire. That is made available by the Corporate Governance department through the board governance portal.

Step 2: Questionnaire submission - The completed questionnaires are sent to the Corporate Governance Department, which consolidates the responses, treating the confidentially and restrictively.

Step 3: Feedback and analysis - The consolidated results of an individual dimensions are shared with the President of the Board of Directors, who conducts interviews and feedback sessions with each board member. Additionally, the consolidated results of an overall dimension are discussed in meetings of the Governance and Nomination Committee and the Board of Directors, for potential definition of action plans to address any points that may not be adequately meeting the expectations of the board, such as improvements in meeting dynamics, interaction between bodies, communication among members of the administration, among other issues. Points related to the composition of the Board, such as diversity, knowledge, and experiences, can also be addressed. Once the action plans to be carried out throughout the next year are established, their execution and the effectiveness of the measures taken are monitored by the Chairman of the Board of Directors with the support of the Corporate Governance department.

The annual evaluation of the Board of Directors can be supported by external consultants, which historically occurs every two years and coincides with the definition of candidates for the Board of Directors proposed by the management for the General Assembly. Thus, the results of the work of external consultants can also serve as input for the composition of the Board. It is worth noting that, in such evaluations, consultants usually propose action plans as a result of their assessment, which are evaluated by the Governance and Nomination Committee and the Board of Directors.

AGC: 8

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?

- ☐ A membership organization which regulates the participation of its members in securities matters or other financial activities.
- ☒ 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.
- ☐ OTHER:

AGC: 8a.

Please explain:

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.

AGC: 9

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

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

AGC: 10

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:

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

AGC: 10a

Please explain:

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

AGC: 11

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

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

AGC: 11a.

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

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

AGC: 11b.

Please explain:

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

AGC: 11c.

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

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

AGC: 11d.

Please explain:

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

AGC: 12

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

☒ No☐ Yes☐ OTHER:

AGC: 12a.

If yes, please explain:

AGC: 13

Capital. Are annual financial statements publicly disclosed?

☒ Yes☐ No

AGC: 13a.

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

☒ Yes☐ No

AGC: 13b.

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

AGC: 13c.

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

AGC: 13d.

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

Please see the report at: <https://ri.b3.com.br/pt-br/>

AGC: 13e.

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):

AGC: 13f.

Reserves (then please answer 13g):

AGC: 13g.

Retained Earnings:

AGC: 14

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

☒ Yes☐ No

AGC: 14a.

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

B3 has an Internal Audit area that performs independent, impartial and timely assessments, advice and insights into the effectiveness of risk management and governance processes, the adequacy of controls and compliance with rules and regulations associated with the Company's operations.

The Internal Audit, through risk assessment and prioritization, carries out annual planning in order to cover the Company's critical processes. Regulatory demands, applicable to the Central Depository, are included in the audit plan, regardless of their risk classification.

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.

AGC: 14b.

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

End date: 01/04/2024

Start date: 01/04/2023

Audit date: 01/05/2024

AGC: 14c.

How frequently does the internal audit occur?

☐ Two or more times a year☒ Annually☐ Less than annually

AGC: 14d.

If less than annually, please explain:

AGC: 14e.

Are the results of the internal audit publicly available?

☐ Yes☒ No

AGC: 14f.

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

☒ No material exceptions found.☐ Minor exceptions found.☐ Material exceptions found.

AGC: 14g.

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

AGC: 15

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

☒ Yes☐ No

AGC: 15a.

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

Ernst & Young

AGC: 15b.

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

15/02/2024

AGC: 15c.

Please list the period that the audit covered:

Start date: 01/01/2023

End date: 01/01/2024

AGC: 15d.

How frequently does the financial audit occur?

☐ Two or more times a year☒ Annually☐ Less than annually

AGC: 15e.

If less than annually, please explain:

AGC: 15f

Are the results of the financial audit publicly available?

☒ Yes☐ No

AGC: 15g.

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

☒ No material exceptions found.☐ Minor exceptions found.☐ Material exceptions found.

AGC: 15h.

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

AGC: 16

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

☒ Yes☐ No

AGC: 16a.

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

Ernst & Young and Brazilian Central Bank.

AGC: 16b.

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

13/04/2024

AGC: 16c.

Please list the period that the audit covered:

Start date: 01/01/2023

End date: 01/01/2024

AGC: 16d.

How frequently does the operational audit occur?

☐ Two or more times a year☒ Annually☐ Less than annually

AGC: 16e.

If less than annually, please explain:

AGC: 16f

Are the results of the operational audit publicly available?

☐ Yes☒ No

AGC: 16g.

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

☒ No material exceptions found.☐ Minor exceptions found.☐ Material exceptions found.

AGC: 16h.

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

AGC: 17, 17q

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?

☐ Foreign Institutions

☒ Brokers

☐ Individuals

☐ Not applicable

☒ Banks

☒ 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..

AGC: 17a.

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

AGC: 17b, 17d

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

☒ Regulatory Oversight

☒ Market Experience

☒ Financial Thresholds

☐ OTHER:

AGC: 17c.

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

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

AGC: 17d.

Please explain:

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.

AGC: 17e.

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

AGC: 17f, 17h

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

☒ Financial Thresholds

☒ Market Experience

☒ Regulatory Oversight

☐ OTHER:

AGC: 17g.

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

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

AGC: 17i.

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

AGC: 17j.

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

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

AGC: 17k.

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

AGC: 17m.

How many Foreign Institution participants are there currently?

AGC: 17n, 17p.

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

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

AGC: 17o.

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

AGC: 17q.

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

There are other institutions able to be participants since they comply with B3 By-laws. E.g. 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.

AGC: 17r.

Indicate how many "Other entities" are currently participants?

AGC: 17s, 17u

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

- ☒ 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

AGC: 17L

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

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

AGC: 18

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

- ☐ Yes
- ☒ No
- ☐ Not applicable

AGC: 18a.

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

AGC: 19

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

- ☒ Yes
- ☐ No
- ☐ Not applicable

AGC: 20

What governs the relationship between the CSD and the participants?

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

AGC: 20a

Please explain:

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.

AGC: 21

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.

- ☒ Yes
- ☐ No
- ☐ Not applicable

AGC: 21a.

If no, other or not applicable, please explain:

AGC: 21b, 21c.

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.

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

AGC: 21d

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.

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, S.A.'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).

AGC: 22

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

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

AGC: 22a.

Please explain:

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

AGC: 23

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

☐ The exchange☐ Not applicable☒ The CSD's regulator☒ The CSD☐ OTHER:

AGC: 23a
Please explain:

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

AGC: 24
What enforcement actions are available to the enforcement authority?

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

AGC: 24a
Please explain:

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

AGC: 25
Has there been any such enforcement actions in the last three years?

- ☐ Yes
- ☒ No

AGC: 25a.
If yes, please explain, including information relative to any suspensions of CSD participants:

AGC: 26
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?

- ☒ Corporate money market
- ☐ Not applicable
- ☒ Corporate bonds
- ☒ Equities
- ☒ Government securities
- ☒ OTHER: Others.

AGC: 26a.

Please name the other security types:

Warrants,

Mortgage: Mortgage-Backed Security (LH); Real State Credit Certificate (CCI),

Closed Funds Shares (CFF),

Commercial Papers (NC),

Agribusiness financing: Leasing Note (LAM); Rural Product Note (CPR), Rural Credit Note (CRP, CRH, CRPH), Certificate of Agricultural Deposit (CDA); Certificate of Agribusiness Credit Rights (CDCA);

Banking Note (LF) and

Gold spot.

AGC: 27a. (i)

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

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

AGC: 27a. (ii)

(ii) safekeep in your CSD:

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

AGC: 27b. (i)

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

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

AGC: 27b. (ii)

(ii) safekeep in your CSD:

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

AGC: 27, 27c

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).

☒ Yes by market practice for safekeeping, but not for all instrument types☐ Neither☒ 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 law for settlement, but not for all instrument types☐ Yes by market practice for safekeeping of all instrument types☐ Yes by market practice for settlement of all instrument types☐ Yes by law for settlement of all instrument types☐ Yes by law for safekeeping of all instrument types☐ OTHER:

AGC: 28 28a

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.

AGC: 28b.

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

AGC: 29, 29i

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.)?

☒ Yes☐ No☐ Not applicable☐ OTHER:

AGC: 29a.

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

Vaulting of physical securities.

AGC: 29b.

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?

☐ Yes☒ No

AGC: 29c, 29e.

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

☐ if the loss was caused by the willful default or other willful conduct 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 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☐ regardless of whether such loss was caused by any action or inaction of the agent☐ OTHER:

AGC: 29f.

Please specify limit:

AGC: 29g.

Please specify limit:

AGC: 29d, 29h.

If you acknowledge responsibility for agents, your responsibility is assumed for losses

☐ 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:

AGC: 30, 30m

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

- ☐ Yes
- ☒ No
- ☐ Not applicable

AGC: 30a, 30j

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.

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

AGC: 30b.

Corporate Action. Please specify number of instances:

AGC: 30c.

Corporate Action. Please specify total loss in USD:

AGC: 30d.

Settlement Process - Securities. Please specify number of instances:

AGC: 30e.

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

AGC: 30f.

Settlement Process - Cash. Please specify number of instances:

AGC: 30g.

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

AGC: 30h.

System Outage. Please specify number of instances:

AGC: 30i.

System Outage. Please specify total loss in USD:

AGC: 30k.

For Other, please specify number of instances:

AGC: 30l.
For Other, please specify total loss in USD:

AGC: 31
Who accepts cash deposits (or makes payment credit accommodations) for CSD transactions?

- ☐ Not applicable
- ☐ Banks appointed by CSD
- ☒ Central Bank
- ☐ Neither or others (e.g. credit lines used)
- ☐ CSD
- ☒ 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, Issuers are obliged by law to supply B3 with all relevant corporate action information. B3 CSD's process the information provided by the issuer and sends it, in the same day, to its participants in an automated process. At the settlement date of the event participants provide the necessary funds in their Central Bank reserve account in order to the CSD accomplish the settlement of the corporate event.

AGC: 31a
Please indicate the name of the banks appointed by the CSD

AGC: 32
Who processes cash clearing (or draws on credit lines, if applicable) for CSD transactions?

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

AGC: 32a
Please name banks appointed by the CSD

AGC: 33a
Please name banks appointed by the CSD

AGC: 33, 33b
Who controls the movement of cash for cash deposits (or draws on credit lines, if applicable)?

- ☐ Not applicable
- ☐ Neither or others (e.g. credit lines used)
- ☐ Banks appointed by CSD
- ☐ Central Bank
- ☒ CSD
- ☒ 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.

AGC: 34

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

- ☒ CSD
- ☒ Central Bank
- ☐ Banks appointed by CSD
- ☐ Neither or others (e.g. credit lines used)
- ☐ Not applicable
- ☐ OTHER:

AGC: 34a

Please name banks appointed by CSD

AGC: 35

Please indicate services you provide.

- ☒ Information on distribution of new issues (IPO, Privatization).
- ☒ Same day turnaround settlements.
- ☒ Own list or: AGC: Information in advance on corporate (annual or special) meetings in order that owners can vote.
- ☐ Not applicable
- ☒ 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.
- ☐ OTHER:

AGC: 35a

Automatic securities lending facility is provided for:

- ☒ Other financial institutions
- ☒ Banks
- ☒ Brokers
- ☒ 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.

AGC: 35c

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.)

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/). 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)

AGC: 35c

If collateral handling, please provide details

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 standardization 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.

AGC: 35d

Other, please explain:

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.

AGC: 36

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

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

AGC: 36a

Credited to the securities account:

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

AGC: 36c

Name of entity:

AGC: 37a

Credited to the cash account:

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

AGC: 37c

Name of entity:

AGC: 37, 37d.

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

- ☐ Income and dividend collection is handled by an entity separate from the CSD.
- ☐ Not applicable
- ☒ 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.
- ☐ OTHER:

AGC: 38

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

B3 CSD has electronic links for message exchange with the following Depositories or settlement systems:

IBERCLEAR (SPAIN):

B3 CSD has a Free of Payment (FOP) cross-border 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.

CAJA DE VALORES ARGENTINA:

A FOP 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.

DTCC (USA)/EUROCLEAR:

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.

SELIC (Brazil); and Clearstream Luxembourg for the collateral management processing.

AGC: 39

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?

☐ No☒ Yes☐ Not applicable

AGC: 39a

Please explain

B3 has several of procedures that work to ensure the operational continuity in a disaster scenario, as Business Impact Analyses, Technological 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.

AGC: 40

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

☒ Yes☐ No☐ Not applicable☐ Other

AGC: 40a.

If no or other, please explain

AGC: 41

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

☒ Yes☐ No☐ Not applicable

AGC: 41a, 41c

If yes, please indicate number:

☒ An unlimited number of accounts☐ More than one account☐ OTHER:

AGC: 41b

If more than one account what is the maximum?

AGC: 42

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

☒ Yes☐ No☐ Not applicable☐ OTHER:

AGC: 42a

If yes, is segregation required or simply permitted?

☒ Required☐ Permitted

AGC: 42b, 42c

How does segregation occur?

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

AGC: 43, 43b

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

☒ Yes☐ No☐ Not applicable

AGC: 43a

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

☒ Yes☐ No

AGC: 44a

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?

- ☒ Yes
- ☐ No
- ☐ Not applicable

AGC: 44b

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:

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 (<https://www.investidor.b3.com.br/>). 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.

AGC: 44d.

By the intervening authorities controlling insolvency or other proceedings?

- ☒ Yes
- ☐ No
- ☐ Not applicable

AGC: 44e.

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

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.

AGC: 44h

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

AGC: 44g, 44i

By the participant's creditors?

- ☐ Yes
- ☒ No
- ☐ Not applicable

AGC: 44j.

By the CSD's creditors?

- ☐ Yes
- ☒ No
- ☐ Not applicable

AGC: 44k.

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

AGC: 45

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

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

AGC: 45b

In which format is the source data maintained?

Source data is maintained in database format in SQL Server for Listed Segment and in Oracle for OTC Segment.

AGC: 46

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?

- ☒ Yes
- ☐ No

AGC: 46a.

If no or other, please explain

AGC: 46b, 46c.

If yes, please indicate the scheduled frequency:

- ☐ Annually
- ☐ Quarterly
- ☐ Monthly
- ☐ Weekly
- ☒ Daily
- ☐ Upon request
- ☐ OTHER:

AGC: 47, 47a

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

- ☐ 6 months or less
- ☐ 1 year
- ☐ 3 years
- ☒ 5 years
- ☐ 7 years

AGC: 48

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.

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

AGC: 48a

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

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 2:10-2:15 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 2:10-2:15 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 2:10-2:15 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 (though 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 2:10-2:15 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 (though 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.

AGC: 49

Are the cash and security movements simultaneous?

- ☒ Yes
- ☐ No
- ☐ Not applicable

AGC: 49a

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

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

AGC: 50, 50a

How are CSD eligible securities held by the CSD?

- ☒ In dematerialized form
- ☐ In certificated form
- ☐ OTHER:

AGC: 51

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

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

AGC: 51a

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

The physical certificates are held outside the depository with the participants performing their respective registration at B3's CSD. These participants must have a destined place to maintain the securities, including a vault or hire a third-party for 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 BSM (the market supervision entity and member of the B3 Group) to ensure the procedures are being fulfilled.

AGC: 51b

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)

AGC: 51c

Are these certificates:

- ☐ Bearer
- ☒ Registered
- ☐ OTHER:

AGC: 51d

If registered, how are the CSD eligible securities registered?

- ☐ 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.

AGC: 51f

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

AGC: 51h

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

- ☐ Bearer
- ☐ Registered

AGC: 51i

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

AGC: 52

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

- ☐ Yes
- ☒ No
- ☐ Not applicable

AGC: 52a, 52k

Are the securities held:

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

AGC: 52b

Please identify which types of entities may act as registrars:

- ☒ 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.

AGC: 52d

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?

- ☒ Yes
- ☐ No

AGC: 52e

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

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

AGC: 52f

Please describe:

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

AGC: 52g

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:

- ☐ The beneficial owner
- ☐ A nominee

AGC: 52h

Please describe:

AGC: 52i

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:

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.

AGC: 53

Rule 17f-7 requires that an Eligible Securities Depository "maintains records that identify the assets of each participant and segregate the system's own assets from the assets of participants."

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

- ☐ No
- ☒ Yes
- ☐ Not applicable
- ☐ OTHER:

AGC: 53a

If answer to question 'G23Q031' is other or not applicable, please explain

AGC: 54

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

- ☒ Yes
- ☐ No
- ☐ Not applicable

AGC: 55

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.)

- ☒ Yes
- ☐ No
- ☐ Not applicable

AGC: 55a

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

- ☐ To secure payment for purchased securities
- ☐ Collateralization of overdrafts
- ☐ Fees and expenses
- ☒ 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.

AGC: 55b

Please describe:

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.

AGC: 55c

Please indicate the limits of this lien as indicated below:

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

AGC: 55d

Please explain:

AGC: 55e

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?

- ☒ Yes
- ☐ No

AGC: 55f

If yes, please indicate whether:

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

AGC: 55g
Please explain:

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

AGC: 55h
If no, please indicate whether the entire account will be subject to the lien.

- ☐ Yes
- ☐ No

AGC: 55j
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?

- ☒ Yes
- ☐ No

AGC: 55k
If yes, are the restrictions accomplished by:

- ☒ Contract between the CSD and the participant

AGC: 55l
Please explain:

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.

AGC: 56, 56e
Transfer of Legal Ownership. Does the CSD have legal authority to transfer title to securities?

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

AGC: 56a
When does title or entitlement to CSD securities pass between participants?

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

AGC: 56b

Please describe:

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

AGC: 56c

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

- ☐ On the CSD books
- ☐ On the registrars books

AGC: 56d

Please describe:

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.

AGC: 57, 57a

How are eligible securities lodged in the CSD system?

- ☐ 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: Depending on the asset attributes and regulation there are many requirements an issuer must follow before an emission. Some of them depend 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.

AGC: 58, 58a

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

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

AGC: 59a

Please specify

AGC: 59, 59b

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

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

AGC: 60

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

- ☐ Yes
- ☒ No
- ☐ Not applicable

AGC: 60a

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

- ☐ Yes
- ☒ No
- ☐ Not applicable

AGC: 60b

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

- ☐ Yes
- ☒ No
- ☐ Not applicable

AGC: 60c

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

AGC: 60d

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

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

AGC: 60e

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

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.

AGC: 61a

If no: Securities are unavailable for

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

AGC: 61b

If more than 4 weeks, please specify

AGC: 61c

If not applicable, please explain

AGC: 61, 61d

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

- ☒ Yes
- ☐ No
- ☐ Not applicable

AGC: 62

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.

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 (CI.CORP).

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.

AGC: 63, 63a

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

- ☐ Securities are re-registered into the name of the beneficial owner or a nominee.
- ☐ Securities are re-certificated and re-registered into the name of the beneficia
- ☐ Securities are re-certificated and delivered as bearer instruments.
- ☐ Securities are transferred as is any physical delivery in the market.
- ☐ Not applicable
- ☒ 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.

AGC: 64a

If more than 4 weeks, please specify

AGC: 64, 64b

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

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

☒ 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.

AGC: 65a

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

- ☒ No
- ☐ Not applicable
- ☐ Yes

AGC: 65b

If they cannot be traded please explain

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

AGC: 65c

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

- ☒ No
- ☐ Not applicable
- ☐ Yes

AGC: 65d

If they cannot be settled, please explain

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

AGC: 65e

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

- ☒ No
- ☐ Not applicable
- ☐ Yes

AGC: 65f

If ownership cannot be transferred, please explain

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

AGC: 66, 66a, 66d

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?

- ☐ No
- ☐ Not applicable
- ☒ Yes

AGC: 66b 66c

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

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

AGC: 66e, 66g, 66h

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?

- ☐ No
- ☐ Yes
- ☐ 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.

AGC: 66f

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

- ☐ 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:

AGC: 66i, 66l

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

- ☐ No
- ☐ Yes
- ☐ 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.

AGC: 66j, 66k

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

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

AGC: 66m, 66p.

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

☐ 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.

AGC: 66n.

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

☐ 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:

AGC: 66q.

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?

☐ Yes☐ No☐ Not applicable☒ 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.

AGC: 66r.

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

☐ 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:

AGC: 66u.

Does the CSD guaranty settlement?

☐ No☒ Yes☐ Not applicable

AGC: 66v.

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

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.

AGC: 66x.

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.?

☐ Yes

☒ No

☐ Not applicable

AGC: 66y.

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

☐ The CSD assumes liability for indirect or consequential losses

☐ The CSD assumes liability for direct losses

☐ Financial limits are imposed on the amount of liability assumed by the CSD

☐ OTHER:

AGC: 66+

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?

☐ Yes

☒ No

☐ Not applicable

AGC: 66*

Please define the standard of care applied:

AGC: 67a, 67b.

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?

☐ Not applicable☒ Yes☐ No☐ OTHER:

AGC: 67b.

Please explain (then please answer 67c):

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.

AGC: 67c.

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

AGC: 67d.

Insurance

☐ Yes☐ No☐ Not applicable☐ OTHER:

AGC: 67e.

Please explain (then please answer 67f):

AGC: 67f.

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

AGC: 67g.

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

☐ Yes☐ No☐ Not applicable

AGC: 67h.

Please explain (then please answer 67i):

AGC: 67i.

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

AGC: 67j.
Other

- ☐ Yes
- ☐ No

AGC: 67k.
Please explain (then please answer 67l):

AGC: 67l.
Please provide details of the relevant sections of the contracts, rules or practices where this information is found.

AGC: 68
Is the CSD immune from legal action in its own jurisdiction?

- ☐ Yes
- ☒ No

AGC: 69
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?

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

AGC: 69a.
Please explain:

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.

AGC: 70
Do participants have access to affect their holdings, including confirming and affirming trades, movement of securities on their accounts, etc.?

- ☒ Yes
- ☐ No
- ☐ Not applicable

AGC: 70a.
How is access given to participants?

- ☒ By direct electronic link
- ☐ OTHER:

AGC: 70b.

Please select type of electronic link:

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

AGC: 70c.

Please explain:

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.

AGC: 71 71a.

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

- ☒ Yes
- ☐ No
- ☐ Not applicable

AGC: 71c.

Does each user have a unique user ID?

- ☒ Yes
- ☐ No
- ☐ Not applicable

AGC: 71e.

Are passwords regularly changed?

- ☒ Yes
- ☐ No
- ☐ Not applicable

AGC: 71f.

How often?

Once a month.

AGC: 71h.

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

- ☒ Yes
- ☐ No
- ☐ Not applicable

AGC: 71i.
How many?

After 3 attempts.

AGC: 72
Does the CSD communicate with other market entities such as stock exchanges, payment systems, clearing houses, etc., by secured linkages?

- ☒ Yes
- ☐ No
- ☐ Not applicable

AGC: 72a
Please explain:

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.

AGC: 73 73a
How does the CSD communicate with Stock Exchanges?

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

AGC: 73b
How does the CSD communicate with Payment Systems?

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

AGC: 73c

How does the CSD communicate with Clearing Houses?

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

AGC: 73d

How does the CSD communicate with Registrars?

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

AGC: 74

How is access to the physical building controlled?

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

AGC: 74a.

Please explain:

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

AGC: 75

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

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

AGC: 75a.

Please indicate frequency of vault counts:

AGC: 75b

Please explain:

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.

AGC: 76, 76d

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

- ☐ 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.

AGC: 76a

Please explain the process:

AGC: 76b

Please explain the process of how the loss is shared:

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

AGC: 76d
Please explain:

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.

AGC: 77
During the past three years, has there been a situation where a participant defaulted which resulted in a significant loss?

- ☐ Yes
- ☒ No
- ☐ Not applicable

AGC: 77a
How was the situation resolved? Or if you answered "Other," then please explain:

AGC: 78
Does the CSD have a guaranty fund independent of stock exchange or other market guarantees?

- ☐ Yes
- ☐ No
- ☐ Not applicable
- ☒ 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 represents roughly 50% of the fund.

AGC: 78a.
If yes, please respond to the following questions: What is the size of the fund?

AGC: 78b.

How is the size of the fund determined?

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

AGC: 78d.

How is the fund financed?

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

AGC: 78e.

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

AGC: 78f.

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

AGC: 78h.

Who is covered by the fund?

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

AGC: 78j.

When is the guaranty fund used?

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

AGC: 79

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

- ☒ Collateral requirements for participants
- ☒ Blocking of securities movement before receipt of payment
- ☐ Other loss or default protections the CSD maintains
- ☒ Settlement controls that minimize or eliminate the risk of default by a participant
- ☒ Participant financial strength
- ☒ Blocking payment until securities are moved
- ☐ Not applicable
- ☒ Debit caps for participants
- ☒ Participant volumes
- ☒ Participant eligibility requirements
- ☐ OTHER:

AGC: 79a

Please explain other loss or default protections:

AGC: 79a

Please explain other loss or default protections:

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.

AGC: 79b

Please explain the requirements:

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.

AGC: 79c

Please explain how these debit caps work:

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 registration of the new participant at the chosen level.

AGC: 79d.

What type or types of settlement controls

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

AGC: 79e.

Please explain:

AGC: 79f.

Please explain:

AGC: 79g.
Please explain:

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.

AGC: 79h
Please identify and explain:

AGC: 79i
Please explain briefly how these work:

AGC: 80
Does the stock exchange have default protections that extend to the CSD, such as the following?

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

AGC: 80a
Please explain:

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.

AGC: 81
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?

- ☒ Yes
- ☐ No

AGC: 81b.
Please identify both the frequency and the last date of testing for the following third party: CSD participants/members

Testing of Business Recovery Plan involving depository participants/members is programmed to take place once a year. Last test performed in August, 2024.

AGC: 81c.
Please identify both the frequency and the last date of testing for the following third party: Stock exchange

Testing of Business Recovery Plan involving stock exchange is programmed to take place once a year. Last test performed in August, 2024.

AGC: 81d.

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

Testing of Business Recovery Plan involving central bank is programmed to take place twice a year. Last test performed in August, 2024.

AGC: 81e.

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

AGC: 81f.

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

AGC: 81a, 81h.

Does your Business Recovery Plan include:

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

AGC: 82

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

- ☐ 1 - 4 hours
- ☐ 4 - 8 hours
- ☐ 8 - 24 hours
- ☐ Longer than 24 hours
- ☐ Not applicable
- ☒ 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.

AGC: 83

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

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

AGC: 84

Will the CSD publicly announce any system interruption?

- ☒ Yes
- ☐ No
- ☐ Not applicable

AGC: 84a.

To whom will the CSD disclose any system interruptions?

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

AGC: 84b.

If so, please list webpage address:

AGC: 84c.

If so, please list all publications:

AGC: 84d.

Please explain:

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

AGC: 84e.

How will the CSD disclose any system interruptions?

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

AGC: 84f.

Please explain:

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.

AGC: 85

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

- ☐ Yes
- ☒ No
- ☐ Not applicable

AGC: 85a.

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

- ☐ Less than 1 hour
- ☐ 1 - 2 hours
- ☐ 2 - 4 hours
- ☐ Longer than 4 hours

AGC: 85b.

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

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

AGC: 85c, 85d.

What was the impact to the market?

- ☐ As a result of the system failure, all fines and penalties for late settlements were waived
- ☐ All cash settlements took place more than one business day late
- ☐ All securities settlements took place more than one business day late
- ☐ All cash settlements took place one business day late with value one day late
- ☐ All securities settlements took place one business day late with value one day late
- ☐ All cash settlements took place one business day late with good value
- ☐ All securities settlements took place one business day late with good value
- ☐ Even though there was a system failure, all fines and penalties for late settlements were still assessed
- ☐ All cash settlements took place as scheduled on the same day with good value
- ☐ All securities settlements took place as scheduled on the same day with good value
- ☒ 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.

AGC: 86

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

- ☐ Yes
- ☒ No
- ☐ Not applicable

AGC: 86a.

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

AGC: 87

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

- ☐ Yes
- ☐ No
- ☐ Not applicable

AGC: 87a.

Please explain the circumstances and resolution:

AGC: 88, 88a

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

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

AGC: 89, 89b

Does the CSD maintain a reserve for operating losses?

- ☐ Yes
- ☒ No
- ☐ Not applicable

AGC: 89a.

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

AGC: 90

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?

- ☐ Yes
- ☒ No
- ☐ Not applicable

AGC: 90a.

Please describe:

AGC: 90b.

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?

☐ Yes☐ No

AGC: 90c.

If yes, please describe:

AGC: 90d.

If no, why not?

AGC: 91

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

☐ Yes☒ No☐ Not applicable

AGC: 91a

What is the amount of the coverage?

AGC: 91b

What is the amount of the deductible?

AGC: 92

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)?

☒ Yes☐ No☐ Not applicable

AGC: 92a.

What is the amount of the coverage?

AGC: 92b.

What is the amount of the deductible?

AGC: 93

Does the CSD have insurance for Operational Errors?

☐ Yes☐ No☐ Not applicable

☒ 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.

AGC: 93a.

What is the amount of the coverage?

AGC: 93b.

What is the amount of the deductible?

AGC: 94

Does the CSD have Errors and Omissions insurance?

☐ Yes☐ No☐ Not applicable

☒ 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.

AGC: 94a.

What is the amount of the coverage?

AGC: 94b.

What is the amount of the deductible?

AGC: 95

Does the CSD have insurance for the Premises?

☒ Yes☐ No☐ Not applicable

AGC: 95a.

What is the amount of the coverage?

AGC: 95b.

What is the amount of the deductible?

AGC: 96a.
If so, what is it for?

Infrastructure in general, works of arts and civil liability.

AGC: 96b.
What is the amount of the coverage?

AGC: 96c.
What is the amount of the deductible?

AGC: 96, 96d
Does the CSD have any other insurance?

- ☒ Yes
- ☐ No
- ☐ Not applicable

AGC: 97
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.

This information is confidential

AGC: 97a.
Who is the insurance carrier's parent company, if applicable? (If inapplicable, simply type n/a.)

This information is confidential

AGC: 97b.
What is the term of the policy?

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

AGC: 97c, 97d
Who does the insurance cover?

- ☐ CSD
- ☐ Direct CSD participants
- ☐ Final investors
- ☐ Not applicable
- ☒ OTHER: B3 as an integrated company owns the responsibility to contract insurance services.

AGC: 98
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:

AGC: 98a.
filecount - Upload document here:

AGC: 99

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?

- ☐ 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.
- ☒ Yes, my response will be public, but only for my answers to AGC questions.
- ☐ Yes, my response will be public, but only for my answers to PFMI questions.
- ☐ No, I do not wish my response to be publicly available.

AGC: 99a

How will you be making your answers publicly available?

- ☒ Upon request
- ☒ Website
- ☐ OTHER:

AGC: 99b

This disclosure can also be found at the following web address(es):

http://www.b3.com.br/en_us/products-and-services/central-depository/centralized-deposit/what-is-centralized-deposit/

AGC: 99c

First and Last Name of the contact person:

Guilherme Abbari

AGC: 99d

How do you prefer to be contacted?

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

AGC: 99e

Telephone number (please include the international country code):

+ 55 11 2565 4267

AGC: 99f

Fax number

N/A

AGC: 99g

What is the preferred street address for mailing requests?

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

AGC: 99h

Email address of the contact person:

guilherme.abbari@b3.com.br

AGC: 100

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?

☒ Yes☐ No

AGC: 101

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

☒ Yes☐ No

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

The Information Security Policy is public and is available at

<https://ri.b3.com.br/en/corporate-governance/bylaws-codes-and-policies/>

AGC: 102

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

☒ Yes☐ No

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.

AGC: 103

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.

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://ri.b3.com.br/pt-br/governanca-corporativa-visao-geral/estatutos-codigos-e-politicas/>

AGC: 104

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

☒ Yes☐ No

AGC: 105

Please advise how often you review the policy.

- ☒ Annually
- ☐ Semi-annually
- ☐ Other

Annually or on demand.

AGC: 106

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

Question G25Q006.pdf (65KB)

Question G25Q006

AGC: 107

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

B3 has a corporate risk assessment program that analyzes the company's risks using top-down and bottom-up methodologies. Additionally, cyber risks can be identified through other analyzes such as the Business Impact Analysis - BIA, carried out by the Business Continuity team and also by the analysis of privacy and data leakage risks, carried out by the Privacy and Data team.

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.

AGC: 108

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?

- ☒ Yes
- ☐ No

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.

AGC: 109

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

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.

AGC: 110

Does your organization use multi-factor authentication

- ☒ Yes
- ☐ No

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

AGC: 111

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

☒ Yes☐ No

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).

AGC: 112

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

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.

AGC: 113

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

Critical process has RTO = 2 hours.

AGC: 114

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

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.

AGC: 115

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.

☐ Yes☒ No

AGC: 116

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

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

AGC: 117

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?

☒ Yes☐ No

AGC: 118

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

☐ Yes☒ No

AGC: 119

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

☒ Yes☐ No

All controls are applied to the Cloud environment.

AGC: 120

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

☒ Yes☐ No

B3 adheres to the compliance of the SWIFT CSP controls.

AGC: 121

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

☒ Yes☐ No

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

AGC: 122

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

☒ Yes☐ No

B3 suppliers are monitored by the contract managers regarding their ability to deliver the products and / or services contracted. 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.