

July 07, 2022  
081/2022-PRE

## CIRCULAR LETTER

Listed B3 Participants

Re.: **Securities Lending Fee Policy**

We hereby inform you that as of **November 14, 2022**, a new maximum value (cap) will come into effect in the securities lending fee structure.

The Securities Lending Fee Policy is set out in the Annex hereto. There have been no other changes to the fee structure or to the other parameters.

The certification period will be from **August 15, 2022** to **November 4, 2022**.

This Circular Letter revokes and substitutes Circular Letter 125/2020-PRE, dated October 1, 2020.

Further information can be obtained from Support for Settlement Processes and Services by telephone on +55 11 2565-5015 or by email at [liquidacao.tarifacao@b3.com.br](mailto:liquidacao.tarifacao@b3.com.br)

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## **Annex to CIRCULAR LETTER 081/2022-PRE**

### **Securities Lending Fee Policy**

#### **1. Scope**

The policy will be applied to all fixed income ETF and equity securities lending transactions, whatever the market segment (OTC or electronic trading) or manner of trading (normal trade – matched book, cross or mandatory).

#### **2. Fees**

The fee structure is comprised of a post-trade fee and in the case of electronic trading of a trading fee too.

Fees are calculated as a percentage on the value of the loan, in accordance with the term of the agreement.

The fee percentage is determined from the contracting modality (market, trading modality) and from the lending rate.

The formulas for calculating the fee percentage and the fee in Brazilian Reals are contained in item 3 of this Annex and the price tables are contained in item 4.

The fees are only charged to the borrower.

#### **3. Calculation rule**

Each of the securities lending fees is calculated in accordance with the following formula:

$$LF = Q \times C \times \left\{ \left[ (1 + i)^{\frac{n}{252}} \right] - 1 \right\}$$

Where:

**LF** = each fee amount to be paid in the period, in Brazilian Reals, rounded off to two decimal places

**Q** = quantity of securities

**C** = price quotation of the underlying security, as established in the agreement

**n** = number of business days between the contracting date (excluding) and the multilateral net settlement date (including). In the case of renewal, we consider the period between the contracting date (excluding) and the renewal date (including)

**i** = fee in rate specified in decimals, rounded off to six decimal places (0.000100 = 0.01% = 1 bp) and calculated in accordance with the following formula:

$$i = \min(\max(\alpha \times \text{agreement rate}, \text{floor}), \text{cap})$$

Where:

**$\alpha$**  = percentage of the cost, variable in accordance with the market segment and form of trading the agreement

**agreement rate** = rate negotiated between the lender and borrower, rounded off to six decimal places, in decimal format

**floor** = minimum rate

**cap** = maximum rate

#### 4. Price tables

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The cap parameter of the electronic trading and OTC markets will change.

#### 4.1. Table valid until November 11, 2022

| Equity securities and fixed income ETFs |              | Trading  |                  |                | Post-Trade |                  |                | Total    |                  |                |
|---|--------------|----------|------------------|----------------|------------|------------------|----------------|----------|------------------|----------------|
| Market                                  | Transaction  | $\alpha$ | Floor (bps/year) | Cap (bps/year) | $\alpha$   | Floor (bps/year) | Cap (bps/year) | $\alpha$ | Floor (bps/year) | Cap (bps/year) |
| Electronic trading                      | Normal       | 2.0%     | 0.25             | 10             | 18%        | 2.25             | 90             | 20%      | 2.5              | 100            |
|   | Cross        | 2.5%     | 0.60             | 15             | 18%        | 4.40             | 110            | 20.5%    | 5                | 125            |
| OTC                                     | Registration | N/A      | N/A              | N/A            | 30%        | 5                | 150            | 30%      | 5                | 150            |
| Mandatory                               |              | 4.0%     | 2.00             | 25             | 36%        | 18               | 225            | 40%      | 20               | 250            |

#### 4.2. Table valid until November 14, 2022

| Equity securities and fixed income ETFs |              | Trading  |                  |                | Post-Trade |                  |                | Total    |                  |                |
|---|--------------|----------|------------------|----------------|------------|------------------|----------------|----------|------------------|----------------|
| Market                                  | Transaction  | $\alpha$ | Floor (bps/year) | Cap (bps/year) | $\alpha$   | Floor (bps/year) | Cap (bps/year) | $\alpha$ | Floor (bps/year) | Cap (bps/year) |
| Electronic trading                      | Normal       | 2.0%     | 0.25             | 7              | 18%        | 2.25             | 63             | 20%      | 2.5              | 70             |
|   | Cross        | 2.5%     | 0.60             | 10             | 18%        | 4.40             | 85             | 20.5%    | 5                | 95             |
| OTC                                     | Registration | N/A      | N/A              | N/A            | 30%        | 5                | 120            | 30%      | 5                | 120            |
| Mandatory                               |              | 4.0%     | 2.00             | 25             | 36%        | 18               | 225            | 40%      | 20               | 250            |

Agreements entered into as of **November 11, 2022** will be fully charged fees in accordance with the table set out at 4.2 above, as the calculation is made considering the period between the contracting date (excluding) and the multilateral net settlement date (including).

In the case of renovation on **November 11, 2022**, the original agreement will be charged fees in accordance with the table set out at 4.1 above, as the calculation is made considering the period between the contracting date (excluding) and the renewal date (including). The new agreement originating from renewal will be charged a fee upon settlement in accordance with the table at 4.2.

### 4.3. Transition rule

Lending agreements entered into up until **November 10, 2022** and with settlement as of **November 14, 2022** will be charged fees based on the sum of the daily fee calculation, in accordance with the two tables:

- i. up until the day before the implementations date (**November 11, 2022**), the fee will be calculated according to the table in item 4.1
- ii. as of **November 14, 2022**, with the cap changed, the daily fee will be calculated according to the table in item 4.2

The sum of daily fees (LF) of each period (before and after the implementation date) will be rounded off to six decimal places.

The final value of each of the fees (trading and post-trade) charged at settlement, after the total of the fees calculated in each period, will be rounded off to two decimal places.