

## Company Profile

**Name of Stock Exchange:** B3- Brasil, Bolsa, Balcão

**Country/Region:** South America

**Name of CEO:** Gilson Finkelsztain

**Capital (US\$):** 11.2 bn (Bloomberg, Sep'18)

**Number of Officers:** 5

**Employees:** 1926 (on Dec'17)

### Ownership and Governance (Main Shareholders)

Shareholders holding more than 5% of the total shares of the company are:

- Capital World Investors (9.65%)
- Funds managed by OppenheimerFunds, Inc. (6.50%)
- GIC Private Limited (5.07%)

### Brief History

B3 is the result of the combination between BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros S.A. (“BM&FBOVESPA”) and Cetip S.A. – Mercados Organizados (“Cetip”). This combination resulted in one of the largest infrastructure companies in the global financial markets that manages – in a stock exchange and over-the-counter environment – trading, clearing, settlement and registration systems for all main types of securities, from shares and fixed-income private securities to currency derivatives, interest rates, commodities and structured transactions. The Company also provides central depository services and risk control systems to the final beneficiary and acts a central counterparty for transactions carried out in its markets. It also provides services of electronic delivery of information required for registration of financing agreements to the traffic bodies and manages a centralized database of liens.

On April 8, 2016, BM&FBOVESPA announced the completion of negotiations for the business combination with Cetip (“transaction”) by means of a corporate restructuring. The terms of the combination were submitted and approved by the respective Extraordinary Shareholders’ Meetings held on May 20, 2016.

On June 28, 2016, the transaction was submitted to Cade (“Brazilian Antitrust Authority”) for analysis of the concentration act between both Companies. The transaction was approved by the regulatory bodies (CADE and CVM) on March 22, 2017. Finally, the transaction was completed on March 29, 2017. As a result of the transaction, Cetip’s former shareholders now hold about 12% of B3’s capital stock. In June 2017 Cetip was merged as approved by Shareholders’ Meetings of both companies and by the CVM.

With a new company coming into being, a Notice to the Market was issued on December 18, 2017, announcing the change of the Company’s trading name to B3, and the new ticker (B3SA3) was adopted on March 26, 2018, to replace the previous ticker (BVMF3).

# Stock Exchange

## Practices and Procedures

Days: Monday to Friday, except holidays

**Hours** (GMT -3h00)

**Equities:**

9h45 - 10h00 - pre-opening fixing

0h00 - 17h55 - continuous trading session

17h55 - 18h00 - closing call

17h55 – 18h15 – Equities derivatives closing call

**Derivatives:** : from 09h00 to 18h00

**Fixed Income / Corporate Bonds** : from 10h00 to 17h00

**Spot US Dollar:** from 9h00 to 16h15

**OTC:** from 9h00 to 19h00

**Market segmentation:**

**Equities:** Cash, Forward, Options, Single-Stock Futures Market, ETF and BDR

**Derivatives:** Future, Options, Forward, Swaps, NDFs, Agricultural Products and OTC

**Fixed Income / Corporate Bonds:** Government Bonds, Corporate Bonds and Asset-Backed Securities

**System:**

PUMA Trading System

**Mechanisms:**

Continuous Trading – FIFO method.

Fixing – Theoretical Opening Price.

**Market-Maker /Specialists**

Equities: Yes

Derivatives: Yes

Fixed Income / Corporate Bonds: Under development

**Instruments**

Equities: Stocks , Brazilian Depository Receipts(BDRs), ETFs

Derivatives:

- Exchange Listed Financial Derivatives: Futures and Options (Stock index, Interest rate, Exchange rate, Interest rate X price index, Price index, Sovereign debt Bond and Structured products)

# Stock Exchange

- Exchange Listed Commodity Derivatives: Futures and options (Coffee, Sugar, Ethanol, Cotton, Corn, Soybean, Cattle);
- OTC Derivatives: Swaps, Flexible options, Metals.
- Fixed Income / Corporate Bonds: Government bonds, Debentures, Commercial papers, Assetbacked securities and Mortgage-backed securities.

Currency

Equities: local

Derivatives: local and referred in foreign currency

Fixed income / Corporate bonds: local

Real time information: Yes

## Clearing & Settlement

Central Depository

Equities and Corporate bonds: Yes

Period

Equities

- Cash – T+ 3

- Forward - 16 to 999 calendar days

- Futures - T+3 of the expiry date

- Options\* and futures\*\* T+1

\* Settlement of option premium.

\*\* Daily settlement of accounts (variation margin)

Derivatives

- most part of the contracts – T + 1

Fixed income instruments

- Cash – T+0

Registered

According to the Brazilian legislation, all OTC transactions must be registered in a centralized system

Registration systems:

- Derivatives: BM&FBOVESPA and CETIP

- Corporate bonds: BM&FBOVESPA and CETIP

- Government Bonds: SELIC (Central Bank's Special System of Settlement and Custody)

Settlement

B3 maintains four different clearinghouses:

- Equities, Equities Derivatives and Corporate Bonds

- Financial and Agricultural Derivatives (Listed and OTC)

# Stock Exchange

- Spot FX
- Government Bonds

## Clearing

B3 maintains four different clearinghouses:

- Equities, Equities Derivatives and Corporate Bonds
- Financial and Agricultural Derivatives (Listed and OTC)
- Spot FX
- Government Bonds

## DVP

B3 maintains four different clearinghouses:

- Equities, Equities Derivatives and Corporate Bonds
- Financial and Agricultural Derivatives (Listed and OTC)
- Spot FX
- Government Bonds

## Clearing Institution

B3 maintains four different clearinghouses:

- Equities, Equities Derivatives and Corporate Bonds
- Financial and Agricultural Derivatives (Listed and OTC)
- Spot FX
- Government Bonds

## Risk Sharing

Equities, Derivatives and Fixed income / Corporate bonds: Yes

## Margin/Lending

Equities, Derivatives and Fixed income / Corporate bonds: Yes

Custodians: Yes

## Taxes

Cash Dividends

Exempt for resident and non-resident

Interest Income

Non resident: 15% / Resident: 25%

Capital Gains

Non resident: exempt / Resident: 15%

# Stock Exchange

## Structure & Regulations

Legal

Public company with capital and shareholders

Regulation

BSM (BM&FBOVESPA Market Supervision)

Securities market regulations

CVM (Brazilian Securities and Exchange Commission)

Trading rules

Exchange – Operational Regulations and Instruction 168 (CVM)

Surveillance

BSM (BM&FBOVESPA Market Supervision)

Corporate actions

Equities: Centralized

Trading halts regulations

Yes

Investor protection

Yes

## Foreign Participation

Foreign investors

Equities: 51.1% of the traded value (Dez'15)

Derivatives: 40.5% (Dez'15)

Investment limitations

Contracts not authorized for trading by investors resident in the U.S.

Brazil Index-50 Futures Contract

Contracts not authorized for trading by investors resident in the U.S. through Globex-BVMF order routing system or DMA models 3 (direct link) and 4 (co-location)

Euro Futures Contract

Australian Dollar Futures Contract

Canadian Dollar Futures Contract

Pound Sterling Futures Contract

Japanese Yen Future Contract

# Stock Exchange

Mexican Peso Futures Contract  
Swiss Franc Futures Contract  
Chilean Peso Futures Contract  
Chinese Yuan Futures Contract  
New Zealand Dollar Futures Contract  
Turkish Lira Futures Contract  
South African Rand Futures Contract

Repatriation  
No restrictions

## Minimum Listing Requirements

Markets includes four special listing segments:

- Bovespa Mais*;
- Bovespa Mais - Level 2*;
- Level 1;
- Level 2;
- Novo Mercado*.

Each of these segments adopts particular requirements, beyond those of Brazilian legislation, to which issuers

may adhere by signing specific listing agreements. The exchange listing segments adopt progressively more stringent requirements, from the Level 1 listing segment, which contemplates disclosure requirements only, to Level 2 and *Novo Mercado*, which demand adherence to more stringent corporate governance, shareholders' rights and financial reporting requirements

## Contact Information

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