

CSDs: **BM&FBOVESPA CSD (Brazil)**

Date: 16 Feb 2012

SMI Markets: **Brazil**CMIRR Markets: **Brazil**

## BM&FBOVESPA Amends Collateral Criteria Process for Derivatives and Equities Clearinghouses

Effective 1 March 2012, BM&FBOVESPA will implement new criteria and procedures for shares eligible to be posted as collateral at the derivatives and equities clearinghouses. The main changes are as follows:

- The equities and derivatives clearinghouses will accept the following stocks as collateral:
  - Shares of the Ibovespa theoretical portfolio;
  - Shares of the Brazil Index (IBr-X) theoretical portfolio;
  - Shares of the Novo Mercado;
  - Shares of the Corporate Governance Level 2 listing segments;
  - Preferred or common shares if the company has another stock listed in the Ibovespa theoretical portfolio;
  - Preferred or common shares if the company has another stock listed in the Brazil Index (IBr-X) theoretical portfolio.
- BM&FBOVESPA shares will no longer be accepted as collateral;
- Haircuts on the shares deposited as collateral at the derivatives clearinghouse will be determined on an individual basis, rather than by groups of shares, using the same procedure applied to shares deposited at the equities clearinghouse;
- Standardisation of the calculation process for limits and acceptance of shares used for collateral purposes by the derivatives and equities clearinghouses, as well as creation of a period for the investor to adjust their status;
- A single investors is not allowed to deposit an amount of shares as collateral that:
  - Exceeds 3.5% of the shares issued by the company; or
  - Exceeds 7.5% of outstanding shares.

For more information, please refer to the related official announcement here: [BM&FBOVESPA Circular Letters \(008/2012-DP dated 10 February 2012\)](#).

## CSD Risk Impact

### BM&FBOVESPA CSD (Brazil)

CSD Rating: AA-

CSD Flash Impact: Positive

Impacted Risk Type: Liquidity Risk

Current Rating = AA

Flash Impact = Positive

Impacted Risk Type: Counterparty Risk

Current Rating = AA

Flash Impact = Positive

The expansion in the range of stocks eligible as collateral will allow market participants to improve the collateral management in respect of their settlement liquidity. Accordingly, the impact of Liquidity Risk has been placed "Positive". In addition, the new methodology to calculate haircuts based on an individual basis rather than a group of shares should also improve the way guarantees are calculated to cover any defaults in the derivatives market.

## Market Information Impact

### Brazil

This information affects the data contained in the Stock Market, Settlement and Other market where securities are traded sections of the Securities Market Information Service.

## Infrastructure Risk Ratings Impact

### Brazil

Market Rating: A+  
Market Flash Impact: Positive

Impacted Risk Type: Liquidity Risk  
Current Rating = A  
Flash Impact = Positive

Impacted Risk Type: Counterparty Risk  
Current Rating = A+  
Flash Impact = Positive

The expansion in the range of stocks eligible as collateral will allow market participants to improve the collateral management in respect of their settlement liquidity. Accordingly, the impact of Liquidity Risk has been placed "Positive". In addition, the new methodology to calculate haircuts based on an individual basis rather than a group of shares should also improve the way guarantees are calculated to cover any defaults in the derivatives market.

Related Flash: [Changes to the Criteria for Stocks Accepted as Collateral, 21/06/2010 \(click to view\)](#)

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