

CSDs: **BM&FBOVESPA CSD (Brazil), CETIP (Brazil), SELIC (Brazil)**

Date: 25 Jul 2013

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

CVM Publishes for Comments Draft on CSD, Custody and Securities Registration Activities

The Brazilian Securities Commission has published for comments three drafts which amend the regulation on central securities depositories (CSD) and the activities of custody and registration of securities.

The first document sets the minimum requirements for the constitution of a CSD, the characteristics of its services and its participants. The aim of the norm is to gather all financial instruments available in the Brazilian market within the CSD in book-entry form and dematerialised, independently of where such asset is being distributed to the market. The document also specifies that securities deposited at the CSD are not part of its capital as the assets must be registered on behalf of the investors through the legal concept of fiduciary ownership.

The second draft defines the activities covered by the concept of custody of securities, the institutions allowed to provide such services and the procedure to apply for the license to do so as well as the controls to be implemented.

A final third proposal presents similar information for services on registration of securities and defines the legal effects of the registration system entries.

Once approved, this new regulation will replace CVM Instruction No. 89 which currently governs some of these services. The period for comments will go until 26 August 2013. A copy of the drafts is available here (in Portuguese only): [CVM Release](#).

CSD Risk Impact

BM&FBOVESPA CSD (Brazil)

CSD Rating: AA-
CSD Flash Impact: On Watch

Impacted Risk Type: Asset Safety Risk
Current Rating = AA
Flash Impact = On Watch

At this stage there are not enough elements to determine the impact of this regulation in the Brazilian securities market framework and BM&FBOVESPA's role. However, the drafts introduce important conceptual elements which are fundamental to improve the safety of investors' assets and the performance of the CSD.

CETIP (Brazil)

CSD Rating: A+
CSD Flash Impact: On Watch

Impacted Risk Type: Asset Safety Risk
Current Rating = N/R
Flash Impact = On Watch

At this stage there are not enough elements to determine the impact of this regulation in the Brazilian securities market framework and CETIP's role. However, the drafts introduce important conceptual elements which are fundamental to improve the safety of investors' assets and the performance of the CSD.

SELIC (Brazil)

CSD Rating: A+
CSD Flash Impact: On Watch

Impacted Risk Type: Asset Safety Risk
Current Rating = A+
Flash Impact = On Watch

At this stage there are not enough elements to determine the impact of this regulation in the Brazilian securities market framework and SELIC's role. However, the drafts introduce important conceptual elements which are fundamental to improve the safety of investors' assets and the performance of the CSD.

Market Information Impact

Brazil

This information affects the data contained in the Local Market Administrative Organisations and Safekeeping/Post Settlement sections of the Securities Market Information Service.

Infrastructure Risk Ratings Impact

Brazil

Market Rating: A+
Market Flash Impact: On Watch

At this stage there are not enough elements to determine the impact of this regulation in the Brazilian securities market framework and the three CSDs' role. However, the drafts introduce important conceptual elements which are fundamental to improve the safety of investors' assets and the performance of the CSD.

For further information contact:

Ana Giraldo - Americas and Eurasia
Barry Morales - Asia Pacific
Guillaume Viteau - Western Europe (incl. EU)
Sinang Chrea - Africa, Middle East

Tel. +44 (0)20 8600 2300 | Fax. +44 (0)20 8741 7468
Email: cmiqueries@thomasmurray.com

Whilst reasonable care has been taken in the compilation of this information, neither Thomas Murray, its affiliates or information contributors shall have any liability for any errors, omissions, delays or inadequacies in the information or for any loss or damage however occasioned (whether arising directly or indirectly), to any person or company relying on this information, or any decision made, action or inaction taken by any party in reliance upon this information (except to the extent permitted by law). Copyright © 2013 Thomas Murray Ratings. All rights reserved. No reproduction without prior authorisation.

