

SMI Markets: Brazil

Date: 08 May 2014

CMIRR Markets: Brazil

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

All CSD Participants to be Registered as Custodians

Further to our previous market newsflash, the Securities and Exchange Commission of Brazil (CVM) issued Circular Letter CVM/SMI/No.002/2014 setting the procedure for participants of centralised depositories to obtain their registration as custodians. The process must be completed between 15 and 31 May 2014 by CSD participants that do not have their registration pursuant to the provisions of CVM Instruction 89/1998.

According to CVM Instruction No.542 of 2013 and the circular letter, participants of centralised depositories that have not obtained their registration by 1 July 2014 must refrain themselves from executing activities of securities custody until the authorisation is awarded.

CVM will publish later the schedule for participants that already have a registration pursuant to the provisions of CVM Instruction 89/1998, to submit the documents stipulated in the Annex 5 of CVM Instruction No.542 of 2013.

Copy of CVM's circular letter and the depositories' releases are available here: [Circular Letter CVM/SMI/No. 002/2014 \(in Portuguese\)](#); [BM&FBOVESPA External Communication 044/2014-DO](#); [CETIP Communication No.044/2014 \(in Portuguese\)](#).

Market Information Impact

Brazil

This information affects the data contained in the Market Entry Requirements sections of the Securities Market Information Service.

Infrastructure Risk Ratings Impact

Brazil

Market Rating: A+
Market Flash Impact: Stable

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

The new CVM's Letter CVM/SMI/No.002/2014 requires all CSD participants to be registered as custodians and can therefore be supervised as custodians and must comply with certain requirements. There is no significant impact in Counterparty Risk although the change will facilitate the supervision and monitoring of participants.

CSD Risk Impact

BM&FBOVESPA CSD (Brazil)

CSD Rating: AA-
CSD Flash Impact: Stable

Impacted Risk Type: Counterparty Risk
Current Rating = AA
Flash Impact = Stable

The new CVM's Letter CVM/SMI/No.002/2014 requires all CSD participants to be registered as custodians and can therefore be supervised

as custodians and must comply with certain requirements. There is no significant impact in Counterparty Risk although the change will facilitate the supervision and monitoring of participants.

CETIP (Brazil)

CSD Rating: A+
CSD Flash Impact: Stable

Impacted Risk Type: Counterparty Risk
Current Rating = AA-
Flash Impact = Stable

The new CVM's Letter CVM/SMI/No.002/2014 requires all CSD participants to be registered as custodians and can therefore be supervised as custodians and must comply with certain requirements. There is no significant impact in Counterparty Risk although the change will facilitate the supervision and monitoring of participants.

SELIC (Brazil)

CSD Rating: A+
CSD Flash Impact: Stable

Impacted Risk Type: Counterparty Risk
Current Rating = AA-
Flash Impact = Stable

The new CVM's Letter CVM/SMI/No.002/2014 requires all CSD participants to be registered as custodians and can therefore be supervised as custodians and must comply with certain requirements. There is no significant impact in Counterparty Risk although the change will facilitate the supervision and monitoring of participants.

Related Flash: [CVM Draft on CSD, Custody and Securities Registration Activities - Update, 24/12/2013 \(click to view\)](#)

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