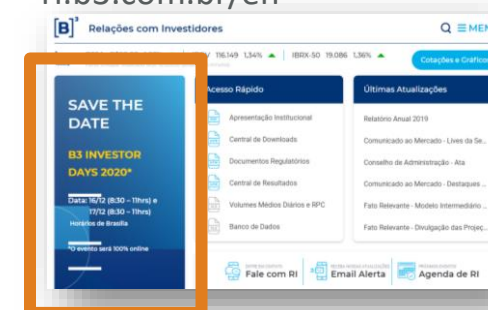




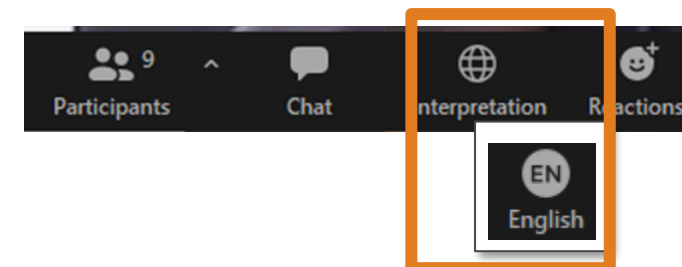


English Presentation

Please access downloadable PDF on
ri.b3.com.br/en



Select English Interpretation in you Zoom app



New Products Panel

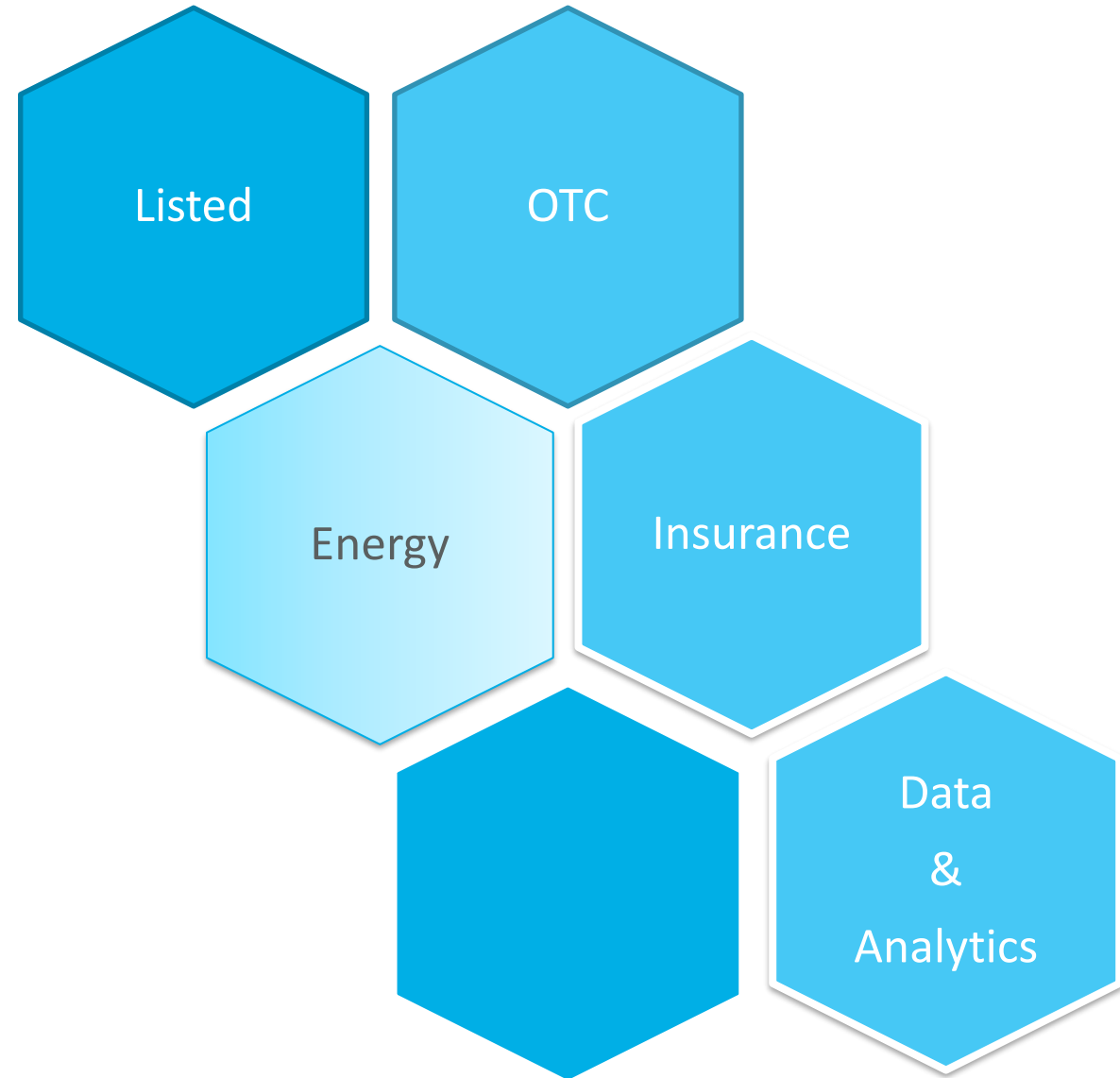
**B3
DAY**

Juca Andrade
Chief Product and Client Officer

Marcos Vanderlei Belini
Executive Director Financing Unit

[B]³

In its role as the
market
infrastructure, B3
has been working to
**deliver new
products and
solutions**

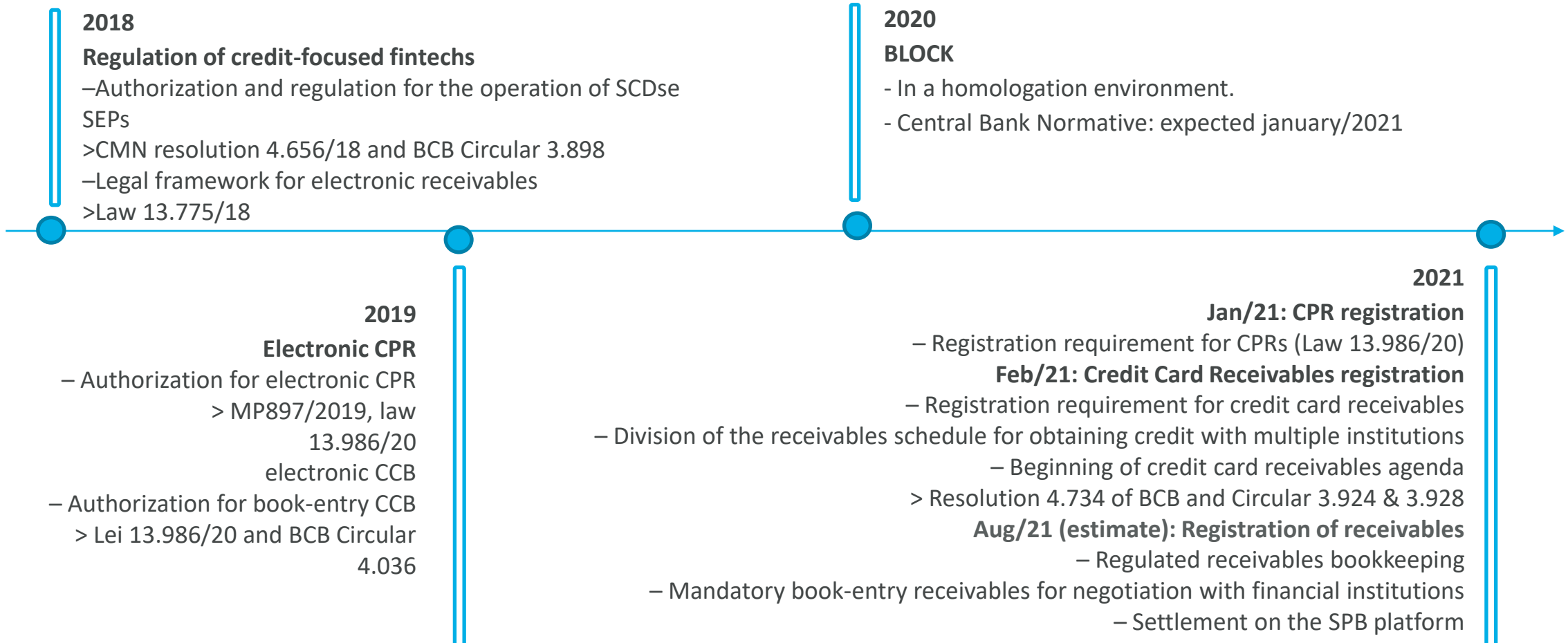


Roadmap: main products to advance in 2021

GENERATED BENEFIT

NEW TARIFFS FOR THE LISTED EQUITY MARKET <i>(intermediary model)</i>	<i>Reduction of tariffs for non-day trade orders</i> Concession of more accelerated and deeper discounts for day trades Exemption of monthly fixed depository maintenance fee for local investors, and incentives for small investors with outstanding positions up to R\$ 20 thousand <i>Cost reduction for the market in the intermediary model will represent 2/3 of the total estimated benefit from the final model</i>
EXPANSION OF THE RLP TO OTHER PRODUCTS	Equities Equity futures miniS&P (in discussion with CME) Other Currency Futures Fixed Income ETF
AUTOMATIC EXERCISE OF OPTIONS	Operational simplification for clients, with mitigation of execution risk (relevant demand from local and international clients)
EDS/UDS	Improvement of B3's portfolio of products; increased transparency; operational ease; increased volumes; client attraction
MODERNIZATION OF THE FOREIGN EXCHANGE MARKET	US Dollar Tie Trade Spot (D+N) with price assurance Modernization of the Foreign Exchange Clearinghouse
SECURITIES LENDING SOLUTIONS	Evolution in the Listed Equity Market Expansion into new products – Real Estate Investment Funds, and Fixed Income ETF Implementation of lending and repo of government bonds
DATA FOR THE FIXED INCOME MARKET	Studies with the market/clientes of how B3 can help in the transparency and liquidity of the secondary market for private debt securities

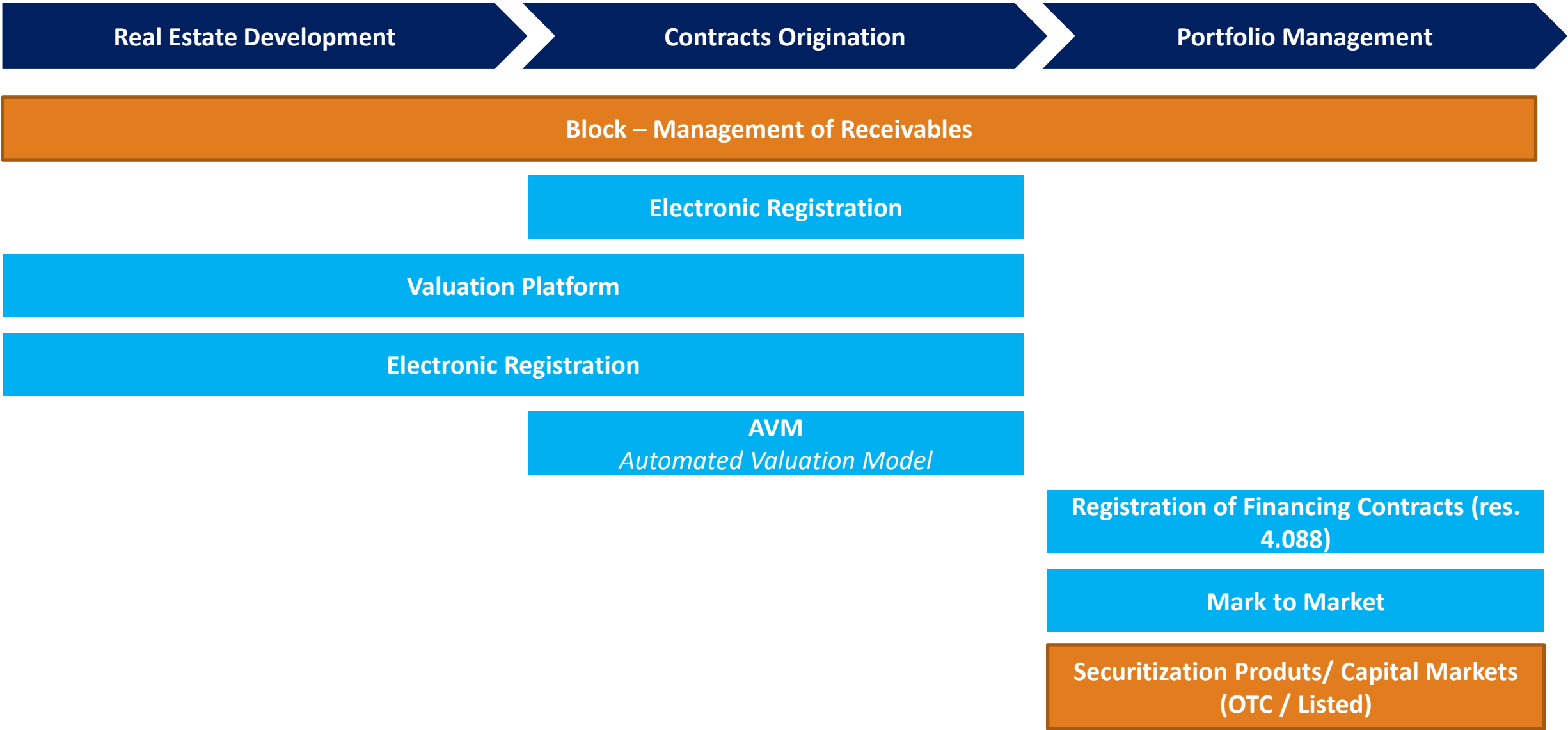
OTC: favorable regulatory agenda for the development of new products



OTC: favorable regulatory agenda for the development of new products

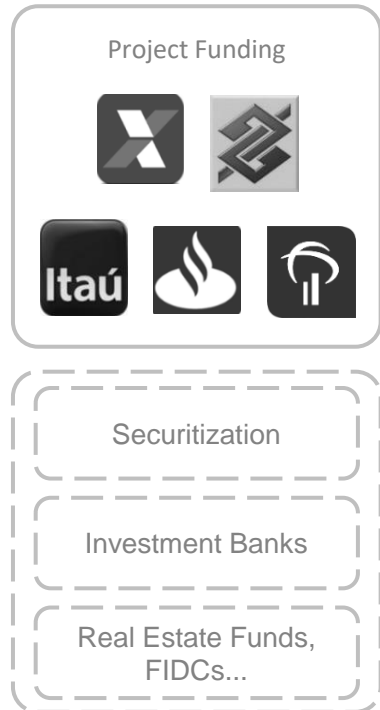
	Receivables	CPR	CCB	Credit Card
Context	Commercial receivables will be required to be negotiated on a book-entry basis <i>(Resolution 4815 and Circular 4016)</i>	Need for CPR bookkeeping in 2021 <i>(Law 13.986; Norm XYZ)</i>	Modernization of the security, allowing a book entry issue <i>(Law 13.986 and Circular 4036)</i>	Receivables must be registered into approved FMIs <i>(Circular 3952)</i>
Market Benefits and Opportunities for B3	Greater security in the negotiation of commercial receivables by the market Approximation to players on the financing side Data & Analytics	Greater security in the emission of CPRs Integration with notaries for the constitution of warranties Data & Analytics	Market security and transparency Increase in the volume of registration and circulation of CCBs in the market (ex. between fintechs, banks, and Investment Funds for Credit Rights)	Serve as independent FMI for registration and negotiation (liens/ assignment) High Market growth potential with digitalization of payment methods Approximation to players on the financing side Data & Analytics

Real Estate: B3 offers a complete solution for the financing chain



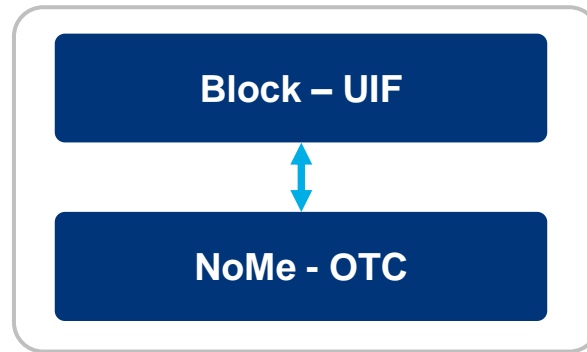
Real Estate: Block

Financial



Fase 2

[B]³



Entities



Construction



REAL ESTATE RECEIVABLES CHAMBER (BLOCK)

- **Objective:**
- Manage receivables from business plan operations
- Visibility and transparency regarding financial and operational indicators
- Create exposure opportunities for constructors/projects without financing
- **Effective date:** 2021 (pending Central Bank)
- **Strategic vision:** BLOCK is B3's entry point to the construction market

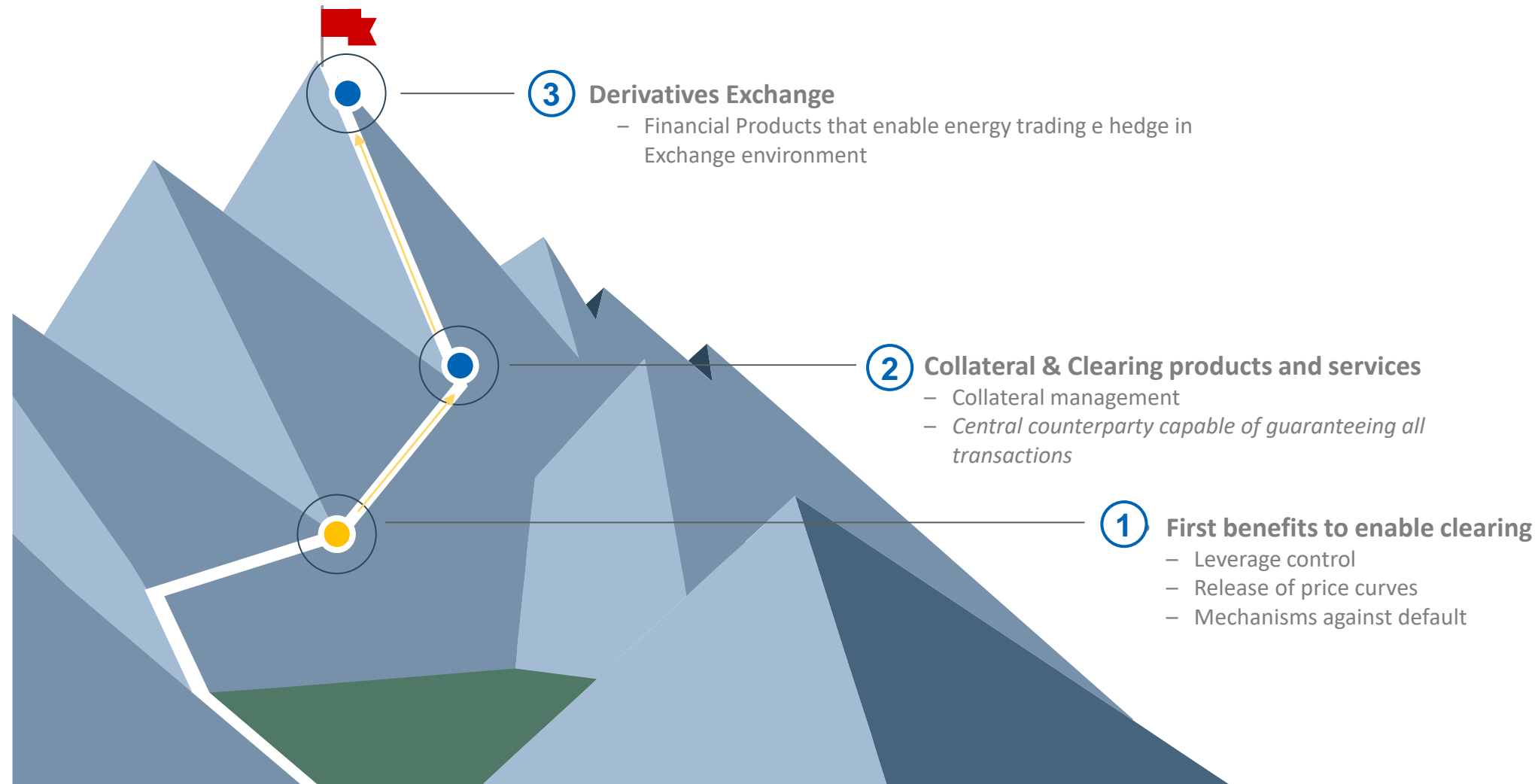
Pains– Banks and asset managers

- **Little transparency** hinders the risk assessment process of investments in new real estate projects
- **Asymmetric information** in the construction stage (evolution of collateral/receivables and performance)

Pains – Constructors

- **Bureaucracy** in the process of obtaining and transferring credit
- **Lack of synchronism** between credit release and the need for cash flow from the project
- **Difficulty** in financial and accounting management

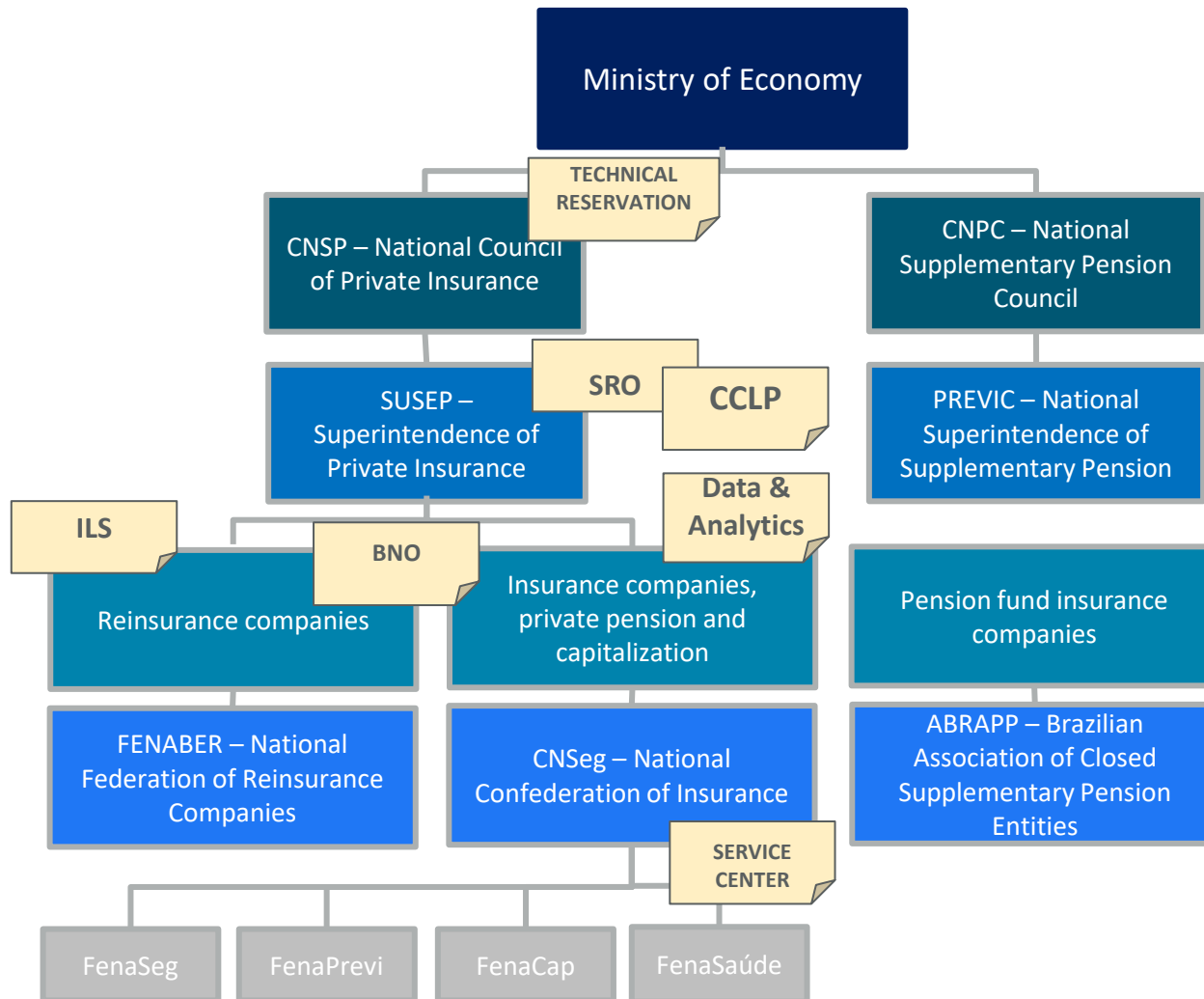
Energy: B3's action plan



Energy: phased development of complete infrastructure solution for the market

Infrastructure for the energy market	1 ^o step: Information platform	<p>Leverage control: rules and processes that prevent the registration of contracts beyond the risk / exposure limit defined by the Energy Market Regulations to be edited by B3</p> <p>Disclosure of price curves: creation of price curves based on contracts that are registered on the platform</p> <p>Facilitation and Settlement services: process to inform bilateral financial <i>netting</i> between agents, in a way to reduce the necessity for payments between parties</p>	Beginning in 2020
	2 ^o step: Risk measurement	<p>Collateral mechanism: B3 calculates the bilateral/multilateral risks and collateral value to be deposited as a function of such risks</p>	After creation and consolidation of the information platform
	3 ^o step: CCP	<p>CCP Physical Market: CCP for the sale of energy, with a complete safeguard structure and margin call</p>	
Financial derivatives		<p>Derivatives: financial products without physical settlement for hedge and energy trading with a central counterparty, both in the OTC and listed environments</p>	After the creation of the Central Counterparty
Energy Exchange		<p>Exchange for Physical Market: Exchange for the negotiation of physical energy contracts</p>	

Insurance: insurance ecosystem, reinsurance, pension and capitalization



PROJECTS 2019/2020

- SRO
- BNO

Insurance: we started a project with the insurance registration platform (SRO)

SRO Objectives

- Electronic monitoring;
- Exchange of information;
- Availability of information.

Who must register?

- Insurance Companies (119);
- Open Pension Fund Entities (15);
- Capitalization Entities (17);
- Local Reinsurers (16).

What must be registered? (D+2)

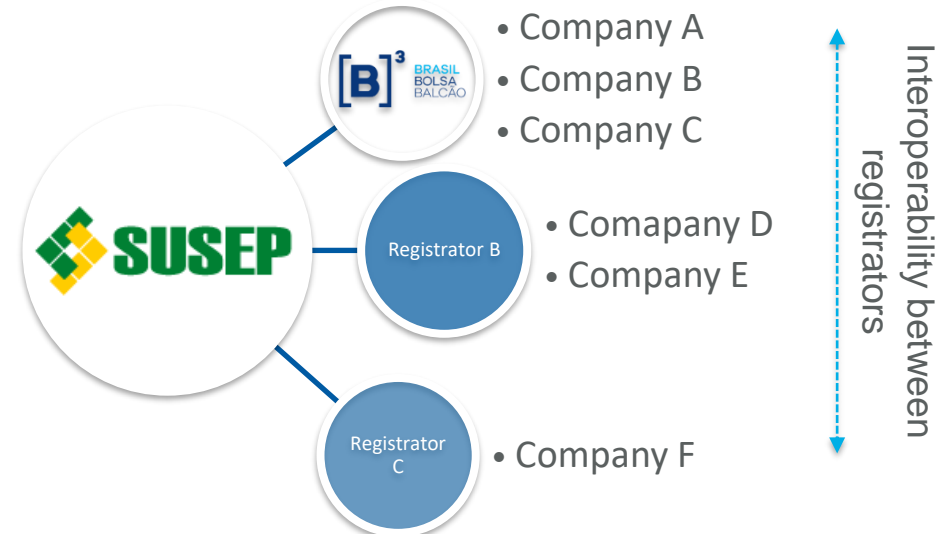
- Operations of insurance, pension, capitalization and reinsurance;
- The set of events and transactions related to the same policy, ticket, contract, certificate, or series.

Who will be allowed to register?

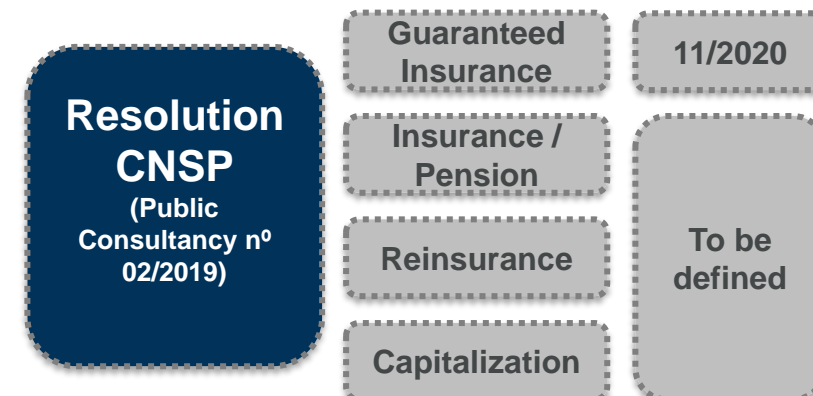
- Entities that are authorized by the Central Bank and CVM to exercise the activity of registration of financial assets or securities;
- Potential competitors of B3: CERC and CSD.

* Pending authorization with Central Bank or CVM

Visualized Model



ESTIMATED SCHEDULE - SUSEP



Insurance: then, we launched the BNO platform

B3 AND BNO

- ✓ Provide an infrastructure to enable its members to create a shared representation of information or facts and use shared processing of those facts to reach an agreement or consensus on the operations in which they are involved
- ✓ BNO would allow being an integrated insurance and reinsurance bookkeeping, negotiation, and settlement platform
- ✓ B3 signed a MOU with IRB to create a BNO partnership in the insurance and reinsurance market

MAIN BNO MARKS

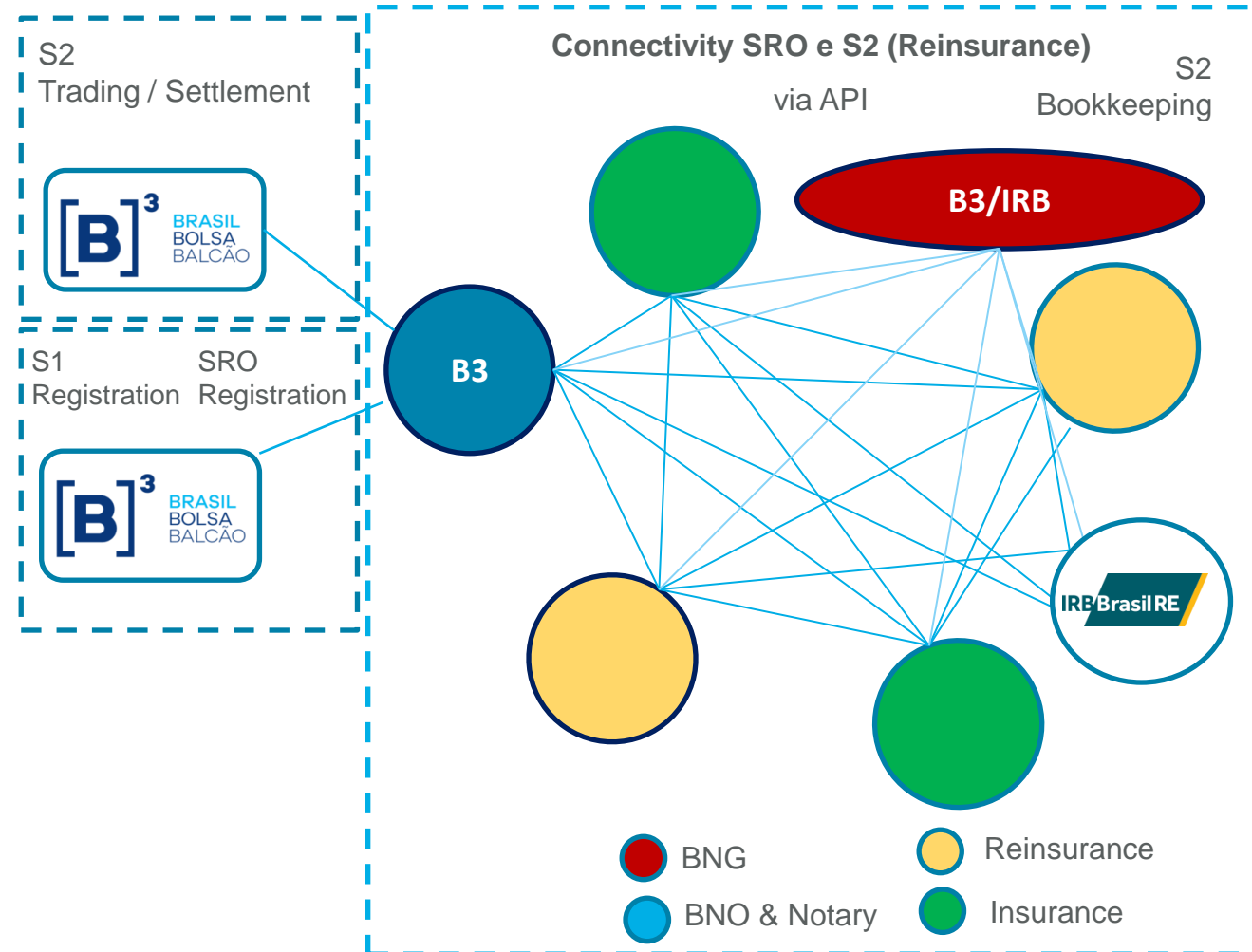
Oct/2020

Structure of the BNO network in production

Oct/2020

Announcement of the partnership between IRB and B3

PROPOSED BNO MODEL



Insurance: in the future, we may launch analytics products that will add value to the insurance supply and risk management process

Segmentation

Investor Profile

Asset diversification score

Propensity to exchange assets

Propensity of subscription score

Equity monitoring/evolution

Liquidity guarantee score

Adherence Risks

Capacity to Pay

Fraud

Equity model (proxy for income)

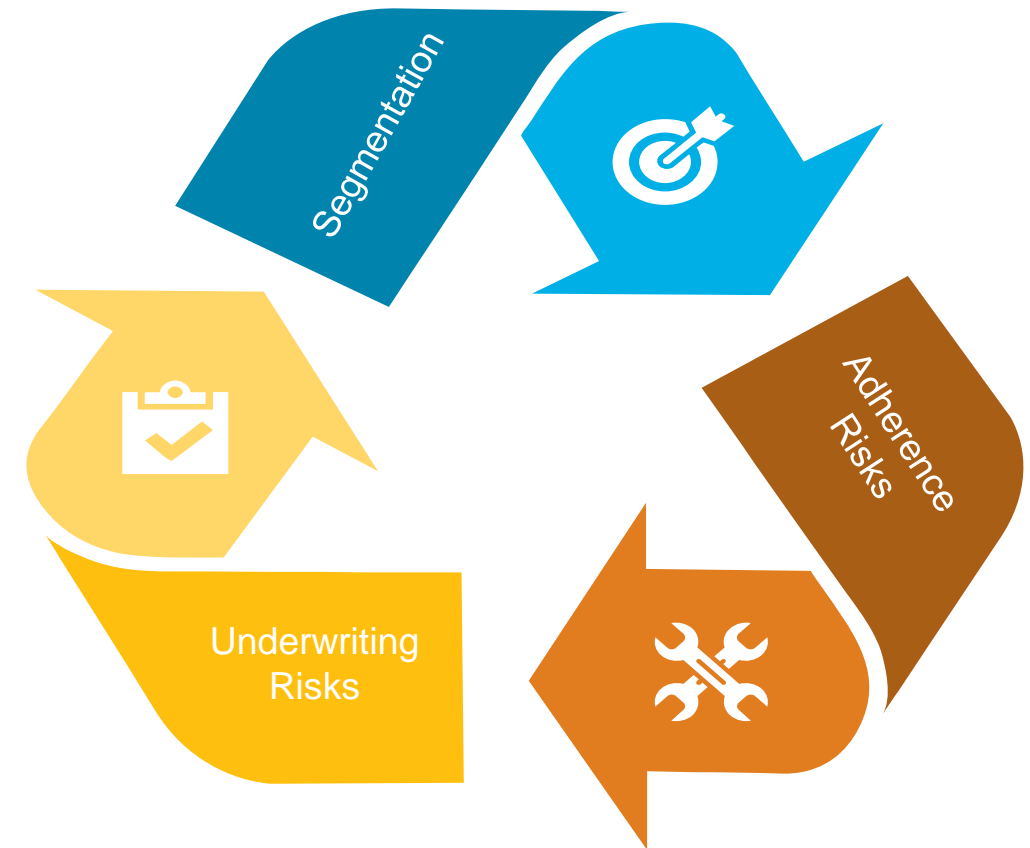
Time participating in the markets

Underwriting Risks

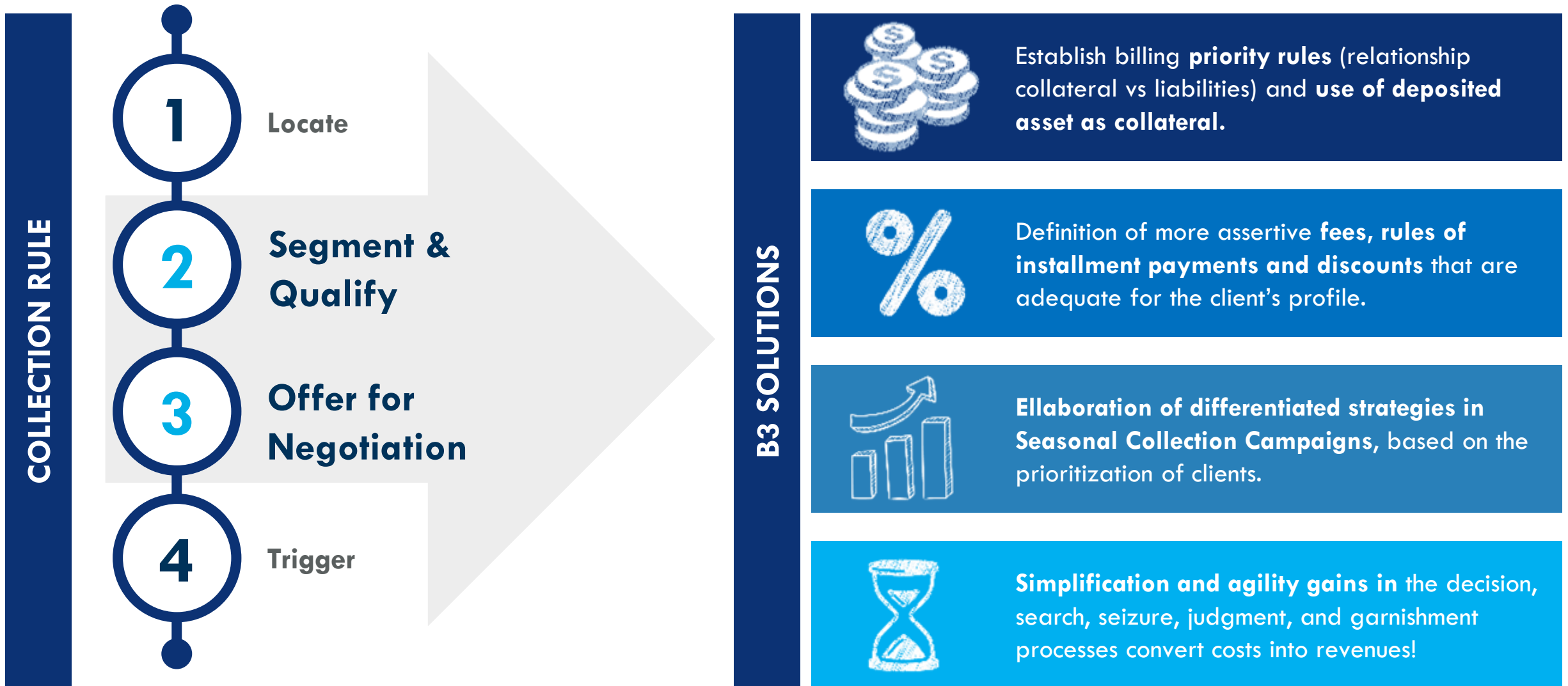
Credit consumption profile

Score of propensity to claims

Frequency indicator of debts and fines



B3 Solutions: intelligence applied to the credit cycle



B3's Product Pipeline

2020	Financial			Retail				
	Capital Markets	Retail Banks	Financing Retail Companies	Vehicles	Real Estate	Insurance	PIX	Other Retail
	Credit							
	Billing							
	Capacity							
	Fraud							
	KYC							
	AML							
	Market Strategy							
	Audience Segmentation							

2021	Financial			Retail				
	Capital Markets	Retail Banks	Financing Retail Companies	Vehicles	Real Estate	Insurance	PIX	Other Retail
Credit								
Billing								
Capacity								
Fraud								
KYC								
AML								
Market Strategy								
Segmentação de audiência								

Consolidated Revenues Tests

Thank You!

Panel Regulatory Discussions in equities

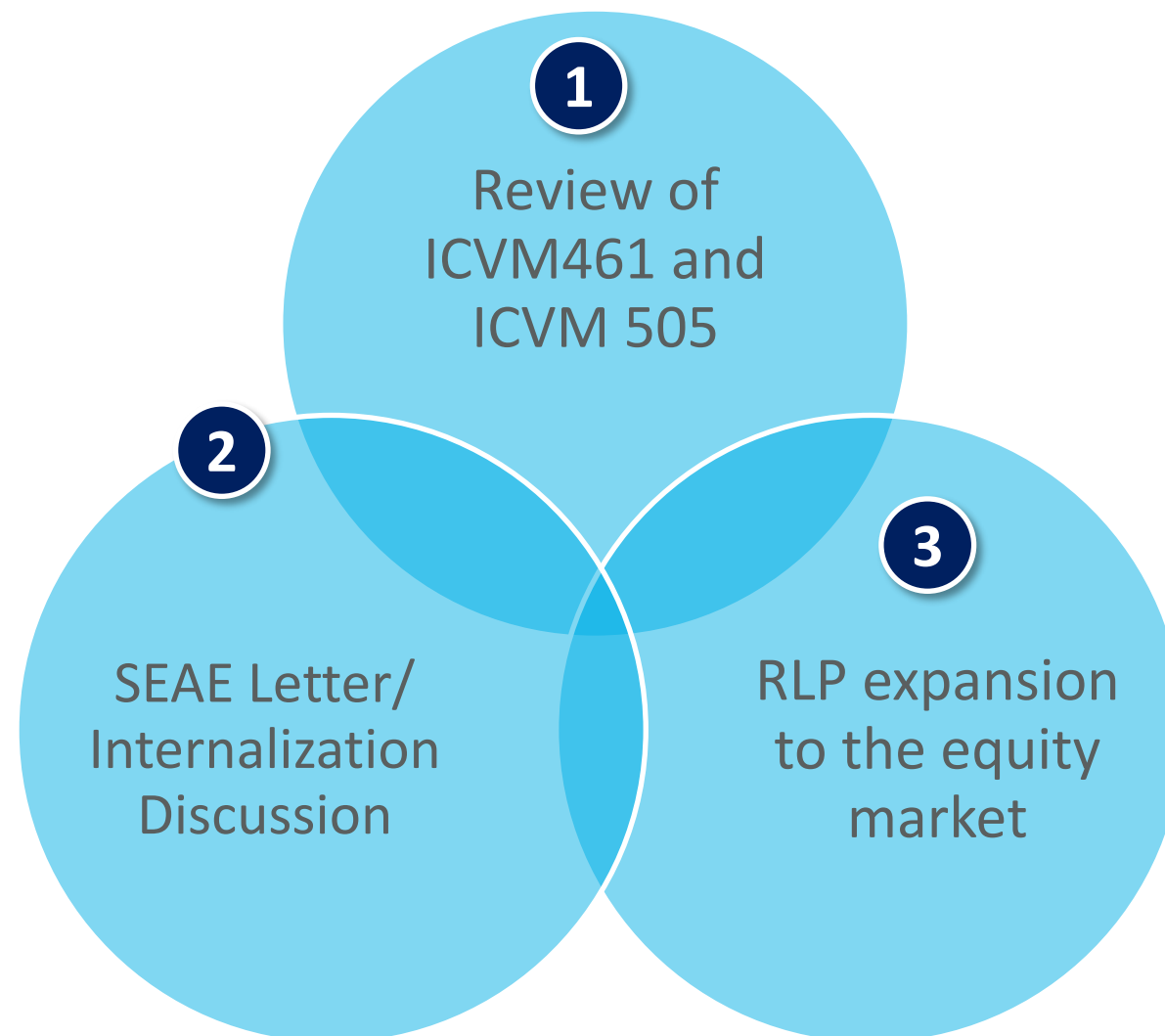
**B3
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[B]³

Mario Palhares
Listed Products Director

Rogério Santana
Director of Relationship with Companies and Assets Areas

2020 brought important regulatory discussions that may impact equities segment



The review of ICVM 461 comprised important topics on the operation of the capital market in Brazil (1/2)

CHANGES PROPOSED IN CVM'S MINUTES

Block Trade

- Authorization for trading out of the central orders book, that is, in a special trading segment, or an organized over-the-counter market.
- The block trade must be unique and indivisible, and its size would be defined by the market's unified self-regulation entity.
- *This proposal does not establish CCP requirements for block trades in organized over-the-counter markets.*

B3's POSITIONING

- **Block Trades should take place in a special exchange segment:** higher probability of execution; isonomy of participants and investors; simplification of regulations and taxes, and less complex operations.
- Indication of a **15% cap for non-transparent trades or without interaction with the order book** (Block Trades, Directs, RLP, etc) in order to ensure fairness and efficiency in asset price formation.
- **Size of block trades defined by CVM**, following models of developed markets.
- Highlight to the **importance of using the CCP even in over-the-counter transactions**, in order to reduce risks and costs for the market, broadening the access to these transactions.

The review of ICVM 461 comprised important topics on the operation of the capital market in Brazil (2/2)

Best Execution Rules

CHANGES PROPOSED IN CVM'S MINUTES

- Definition of criteria in determining the best execution for retailers and qualified investors:
 - **Retailers:** intermediates should use the criteria of total disbursement for the transaction;
 - **Qualified Investors:** maintenance of the current rule

B3's POSITIONING

- Regarding **non-qualified investors**, the **best execution** based only on **total financial disbursement** has **important limitations**, and it may not be in the investor's best interest. So, **other criteria should be taken into account**: price, cost, speed and probability of execution and settlement, volume, type and other important considerations
- The **OPR (order-protection-rule)**, which is used in the US, **should not be adopted in Brazil, given to weak points and criticisms** indicated by several US market participants.
- **Intermediates should not be forced to connect to all markets and platforms**
- The possibility of **rebates or other order flow purchase mechanisms** creates **potential conflicts of interest**, and, for this reason, **it should be prohibited**.
- B3 is analyzing **international benchmarks** to understand the **functionalities that may help** trading activities, based on **best execution** criteria, aiming at book centralization, fair and efficient price formation, and equal access to the market.

SEAE sent a letter to CVM in August, asking it to consider authorizing the internalization of transactions in the Brazilian market

SEAE's Positioning

- SEAE/ME (Competition and Competitiveness Defense Office of the Ministry of Economy), pursuant opinion 13804/2020/ME, is favorable to a comprehensive discussion about the internalization of orders, which would favor competition environment.
- Recommends the performance of a study/sandbox by CVM, on the internalization of orders and its effects on competition.
- The intensification of discussions on the minimum size of direct offers and systematization of flow matching at brokerage firms, gives momentum this discussion.

B3's Positioning

- **B3 is favorable to innovation and competition.** However, this process must be based on certain rules and measures in order to ensure market integrity.
 - Any flexibilization in the rules must consider new business models for brokers and guarantee:
 - **Price formation: the orders would not interact in a competitive manner with the central trading book**
 - **Market transparency:** reduces the incentive for liquidity providers to send orders to the central book
 - **Equal access** of customers to liquidity
- From the point of view of the investors, the internalization without limits may negatively affect the formation of prices and liquidity, resulting in overall higher costs for them.

RLP is seen as a tool that delivers benefits to the whole market



Market Participants

- **Value generation** from retail order flow
- Possibility to operate directly in the flow, or in its commercialization
- **Available to all** participants (equality)



B3 and Market Operations

- Maintenance of **the depth and quality of the order book**
- Preservation of the market **pricing formation**
- **Liquidity** of assets and **likelihood of execution**



Investors

- Guarantee of **improved prices** when spread is open
- Simultaneously access to private and public book
- **Risk** guaranteed by the **CCP**
- **Monitored** and regulated **environment** by **independent** agents

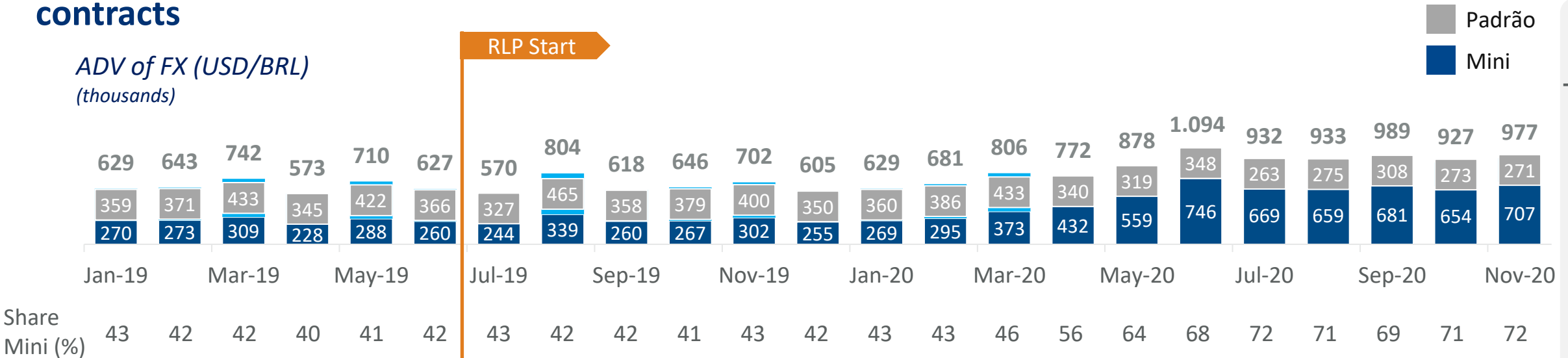


Regulators

- **Full transparency and monitoring** of transactions
- **Compliance costs** maintained at the current levels

Liquidity has increased during RLP testing period of mini-iBov and mini-FX derivatives contracts

ADV of FX (USD/BRL)
(thousands)



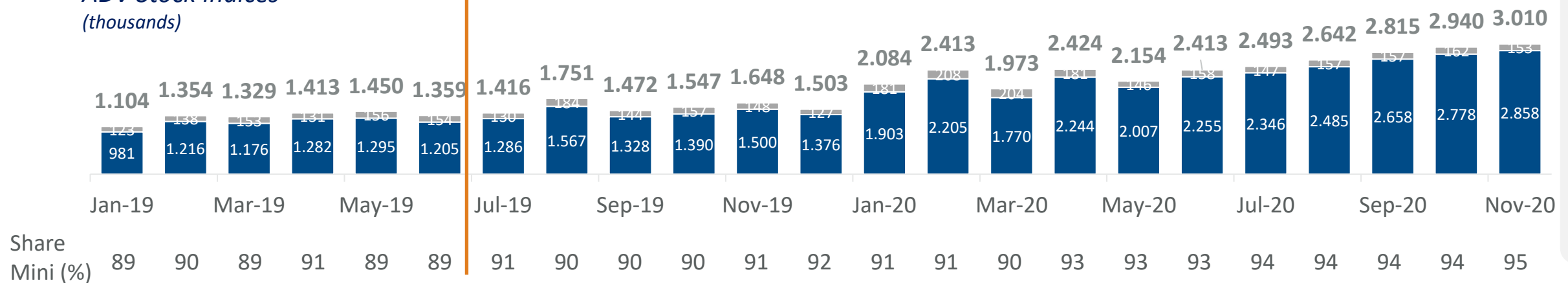
CAGR¹
19 - 20

26%

-14%

65%

ADV Stock Indices
(thousands)



69%

12%

75%


Challenges on RLP implementation for equities

THE DYNAMICS OF THE EQUITY
MARKET MAY REQUIRE
ADJUSTMENTS IN THE RLP
MODEL ADOPTED FOR MINIS

ASYMMETRICAL FLOWS

LOWER PARTICIPATION OF
DAYTRADERS

ASSETS HAVE DIFFERENT LIQUIDITY
LEVELS

A woman with long brown hair and a man with a beard are sitting at a desk, looking at a laptop. The woman is holding a pen. There is a glass of water on the desk. The image has a blue tint.

**B3
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[B]³