New Equity Securities Lending Fee Structure Model

Scope

The new fee structure model will be used in all Equity lending trades, regardless of the market segment (OTC or Electronic Trading) or trading mode (Regular Trade – book matching, Direct or Compulsory Trades).

Model

B3's percentage fees will no longer be fixed at bps/year and will have a fixed floor at BRL/contract.

The percentage fee will be based on the contract fee, with floor and cap applied both in bps/year.

The fee will continue to be paid only by the borrower.

In Electronic Trading, the fees will be divided into Trading Fee and Post-Trading Fee. The same formulas apply to both fees.

Formulas

The percentage fee (i) will be defined as:

$$\textbf{(1)}\ \boldsymbol{i} = \boldsymbol{mín}(\boldsymbol{máx}(\boldsymbol{\alpha} * \boldsymbol{Contract\ Fee}, \boldsymbol{Floor}), \boldsymbol{Cap})$$

Where:

I is the fee in bps/year, to be applied to the volume and to the contract maturity term, according to formula (2) below;

$\boldsymbol{\alpha}$ is the cost percentage, which is variable according to market segment and contract trading mode;

Contract Fee is the fee negotiated between Lender and Borrower;

Floor is the minimum fee in bps/year;

Cap is the maximum fee in bps/year.

The formula for calculating the fee in Brazilian Reals (LF) remains the same, while only the value to be considered in i is changed:

$$\textbf{(2)}\ \boldsymbol{LF} = \boldsymbol{Q} * \boldsymbol{C} * \left\{\left[\left(\mathbf{1} + \frac{\boldsymbol{i}}{\mathbf{100}}\right)^{\frac{\boldsymbol{n}}{\mathbf{252}}}\right] - \mathbf{1}\right\}$$

Where:

LF is the value to be paid during the period in Brazilian Reals;

Q is the quantity of assets;

C is the quotation of the underlying asset as stipulated in the contract;

i is the fee in bps/year as defined in formula (1);

n is the number of business days in the period between the asset's delivery date and the settlement date by multilateral net balance.

Fee Schedule

The fee schedule will have the following structure:

Equity Assets		Trading			Post-Trading		
Market	Trade	α (%)	Floor (bps/year)	Cap (bps/year)	α (%)	Floor (bps/year)	Cap (bps/year)
Electronic Trading	Regular						
	Direct						
	Compulsory						
OTC	Registration	-	-	-			

Where:

Electronic Trading is the market where standardized contracts are traded and registered, according to B3's specifications;

OTC is the market where contracts are registered as specified by the parties involved;

Regular Trade is the trade carried out entirely in the order book, i.e., one party enters an order in the book, which is available to the entire market, and an undefined counterparty selects the outbound order. For a trade to be regular, it must be executed entirely in the order book, without prior trading outside B3's environment.

Direct Trade is an off-book trade, where the Full Trading Participant uses the Electronic Trading Market segment only to send the trade executed between a party and a counterparty that are its customers, without the possibility of interference from third parties.

Compulsory Trade is the contract automatically generated by B3 to cover delivery failure.

In the event of contract renewal, the original terms and conditions shall be maintained.

Trading Terminals

To carry out electronic trading, traders may access the trading environment via Trading Terminals provided by B3 or other providers.

If you use the terminal provided by B3, there will be monthly fees for the institution contracting the service and they will be charged per user.