

B3 S.A. – Brasil, Bolsa, Balcão
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MATERIAL FACT

New Pricing Policies for the Listed Equity and OTC Markets

B3 S.A. – Brasil, Bolsa, Balcão (“B3” or “Company”), hereby announces that today it released the new pricing policies for certain services in the equities market: (i) trading and post-trading in the cash market, (ii) central depository and (iii) securities lending. Additionally, the annual update for the pricing policy of the OTC market was also released today.

1. Equity market

The changes in the equity market fees reflect the context of significant volume increase and are consistent with B3’s commitment to share with clients the benefits of scale and operating leverage provided by its business model. These benefits will be shared through the efficient use of fee mechanisms that aim to foster the increase in both trading volumes and number of individual investors who operate in the exchange.

The documents containing the new fee schedules are available on [B3’s website](#).

Main changes for trading and post-trading services in the cash equity market

- Lower fees for investors with higher volumes
- Automatic mechanism that reduces fees (sharing operating leverage) according to the increase in volumes traded by each investor
- Creation of Incentive Program for Large Day Traders
- Separation of fees in Trading Fee, Central Counterparty Fee (CCP Fee) and Securities Transferring Fee (TTA – Tarifa de Transfência de Ativos)

These changes aim to foster the increase in volumes through deeper discounts for clients according to the increase in their volumes.

Main changes for the central depository services in the equity market

- Monthly fixed maintenance fee per account reduced to zero
- Changes in fees applied on the outstanding positions under custody
- Creation of a fee related to the processing of cash corporate actions
- Full exemption from fees on the outstanding positions under custody and on cash corporate actions for investors with outstanding positions below R\$20,000

- Simplification of the billing through the offsetting of B3's fees against cash corporate actions paid into each account

These changes seek to foster the growth of the number of individual investors in the exchange by removing fixed fees and exempting small investors from fees. In addition, regarding the fee related to cash corporate actions, B3 aligns itself with the practices adopted by other central depositories around the world that, considering the costs and risks inherent in processing payments of corporate events, charge fees for processing them.

Main changes for the securities lending services

- The new percentage fee will be based on the rate negotiated for the contract, with floors and caps, both calculated as basis points / year
- Lower fees for electronic trading versus OTC market

The development of the securities lending service plays a central role in the sophistication of the Brazilian market and the adjustments to B3's fee policy seek to foster this development by reducing costs and introducing incentives for more electrification and transparency.

In order assist in the analysis of the potential financial impacts of those changes for B3, we performed some backtests that considered the current client mix and profiles for each of those services. The results of these tests showed that, if these new fee policies were already in place, B3's revenues would have been around R\$250 million lower in the past twelve months. More than 85% of this impact would be concentrated in trading and post-trading services in the cash market. It is important to note that there is no guarantee that once the new fee policies are implemented the financial impact on B3 will bear any relation to the number mentioned above, as significant changes may occur in market conditions and in the client base and in their trading profile.

The implementation dates of each change described above will depend on a hearing to be conducted with the market to know the time required by brokerage firms and other market participants to adapt their systems.

2. OTC market

The fee table of the OTC market is updated annually to incorporate adjustments and changes that reflect client needs, as well as adjustment by inflation of some fixed fees. For the year 2020, these changes, in addition to addressing clients' demands, reinforce B3's commitment to share the benefits of scale and operating leverage.

Main changes for the OTC market

- Simplifying the billing by unifying fees and removing fixed fees, which will also bring more predictability to clients and make smaller transactions possible
- Adjustments in fees considering the level of complexity of the products and the intensity of the usage of B3's infrastructure
- Adjustment of the fee applied on investment funds considering the size of their assets, significantly reducing fees for smaller funds

This new OTC market fee policy is effective today. No significant impacts on B3's results are expected in the short-term.

São Paulo, January 2, 2019

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Chief Financial Officer