

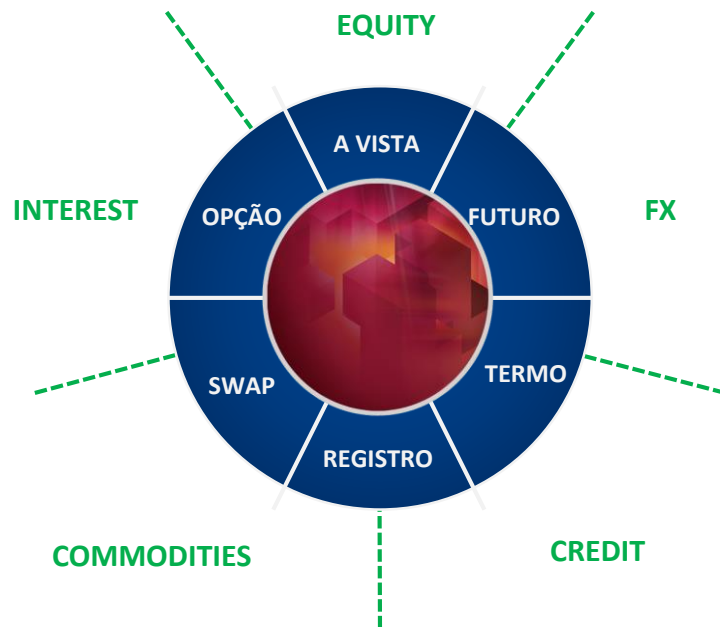
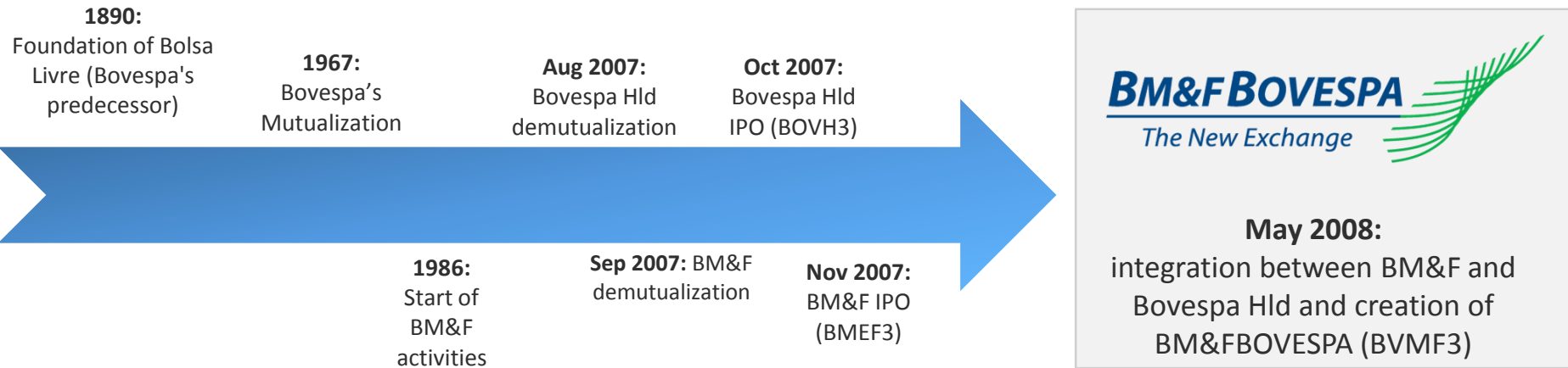


The environment for IPOs in Brazil

**BM&FBOVESPA outlook about Mineral
Exploration Reporting Standards**

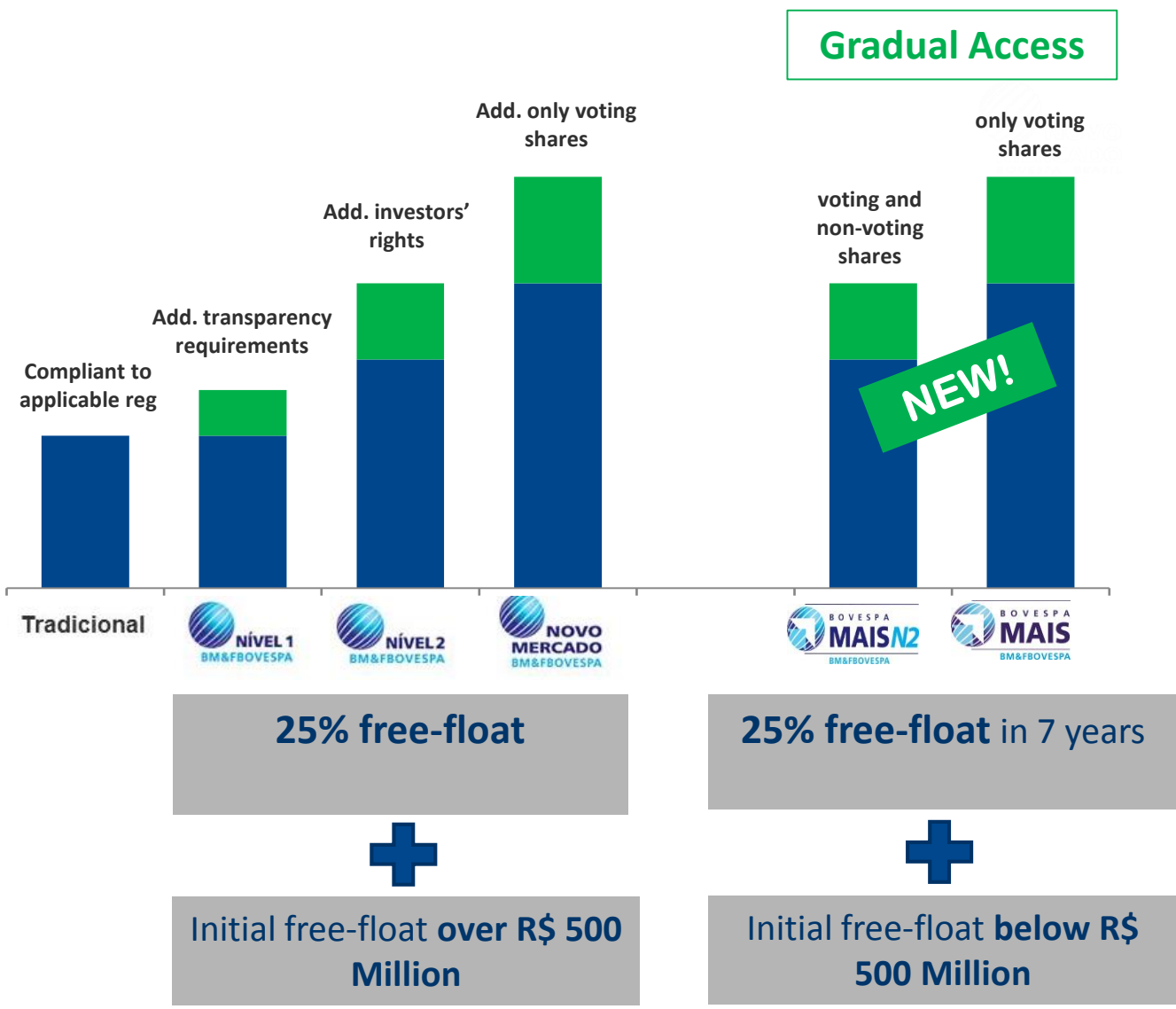
Visite o site da BM&FBOVESPA

www.bmfbovespa.com.br/empresas



Services for the whole chain

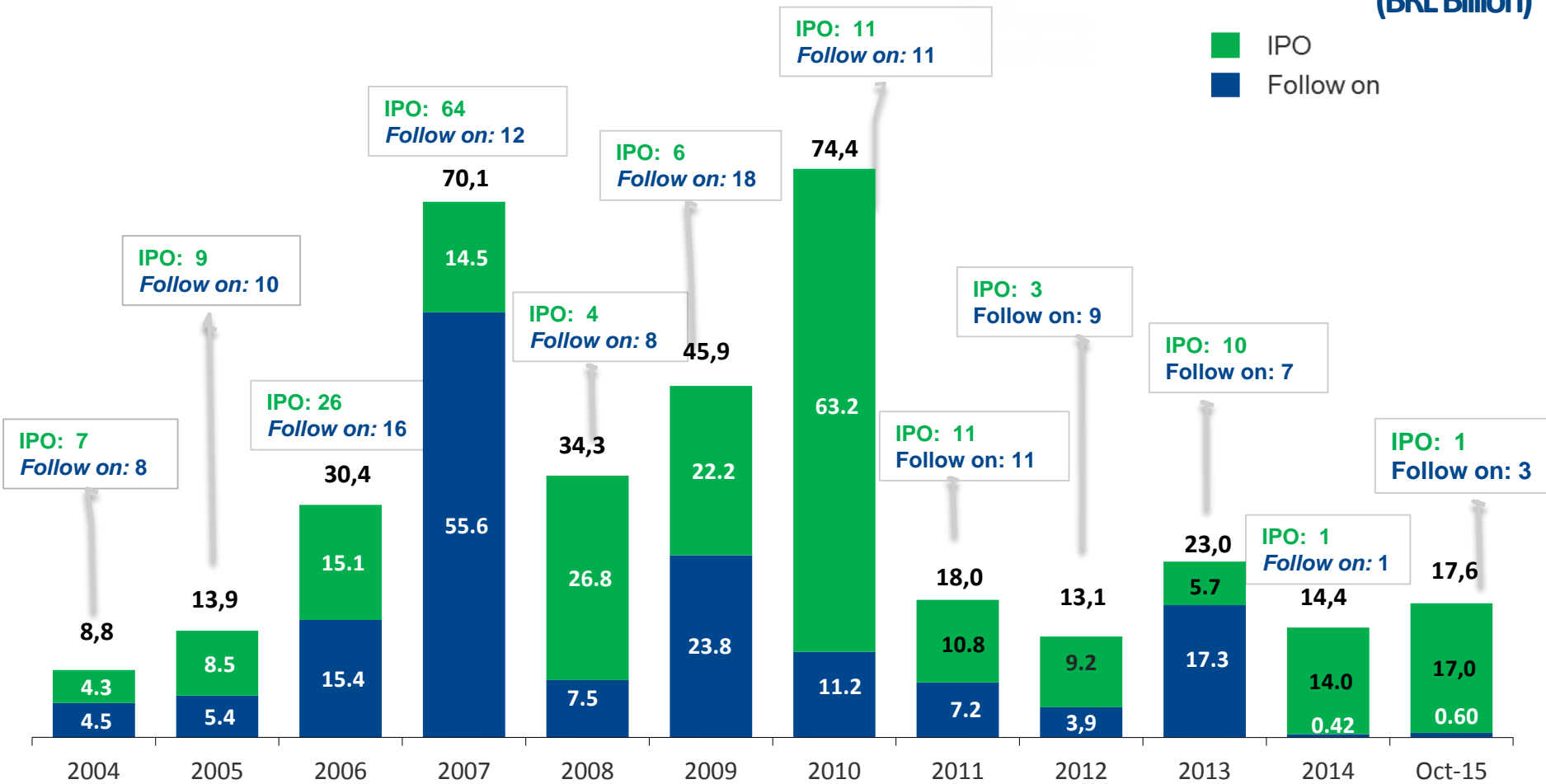
- **Trading Platform:** equities, derivatives, government and corporate bonds, funds, spot FX, among others
 - **Post-trading Platform:**
 - Contraparte Central (CCP)
 - Settlement System (SSS)
 - Central Depository (CSD)
- Listing
 - Trading access (brokers)
 - Securities lending
 - Custody for clubs and foreign investors (2689)
 - Market Data (vendors)
 - OTC (derivatives and fixed income)



The corporate governance segments were created based on investors' demand but adapted to different companies' profile.

Capital raised by shares issuance (BRL Billion)

■ IPO
■ Follow on



Source: BM&FBOVESPA

* Excluded parcel related to the onerous session – Petrobras offer

Public-Private Initiative: Coordination of working group involving representatives of ABDI, BM&FBOVESPA, BNDES, CVM and FINEP to survey international experiences tailored to capital-raising needs of SMEs.

1 Elaboration of an International Benchmark in H1 2012

Visits to seven countries: UK, Poland, Spain, Canada, Australia, South Korea and China –to understand how SMEs markets developed

Round table with market agents and creation of a Working Committee

2 Proposals to facilitate IPOs of SMEs presented in Jul/2013

3 Implementation of all proposals by Q3 2014

Key conclusions

<http://www.bmfbovespa.com.br/empresas/download/Diagnostico-portugues.pdf>



- **Local investors** are main buyers of IPOs
- In some markets **tax incentives** for investors were relevant
- Regulatory discounts **are not significant** for medium enterprises
- Fixed costs of IPOs **are not a barrier** and in Brazil are lower
- Small IPOs have **simplified prospectus** and need not be registered with regulator
- **Intermediaries are specialized** by size of IPO

- Simplify process and reduce cost of IPO ✓
- Reduce listing and maintenance cost ✓
- Develop issuer education program ✓
- Apply issuer education program ✓



- Closed equity fund allowed to invest in eligible companies ✓
- Open equity fund allowed to invest in eligible companies ✓
- Private equity fund with holdings in eligible companies ✓
- Income tax exemption for investors in eligible companies ✓

Further developments

Analyze alternative model for access market with additional regulatory discounts and restricted to super-qualified investors



- Establish rule governing procedure for offerings with restricted efforts (limited to a certain number of super-qualified investors) ✓
- Initiatives to support and foster the distribution channels



Investor Front	MF	SRF	CVM	ABDI	BVMF	ANBIMA & others
Closed equity fund permitting investment in SMEs			●			
Open equity fund permitting investment in SMEs			●			
Private equity fund with holdings in listed SMEs			●			
Higher limit for investment in equities by open pension funds (VGBL/PGBL)	●	●				
Income tax exemption for investors in SMEs	●	●				
Issuer Front						
Simplify process and reduce cost of IPO			●		●	●
Reduce listing maintenance cost	●		●			
Develop issuer education program				●	●	
Apply issuer education program				●	●	
Intermediary Front						
Establish rules governing procedure for restricted effort offerings			●			●
Initiatives to support and foster development of distribution channels			●		●	



Can junior mining
companies benefit ?

Unfortunattly NOT!

Mining companies listed

BM&FBOVESPA

?

Companies

Just 3 companies listed

?

Market

US\$ 21.6 billions (oct-30-15)

?

Capitalization

4% of market capitalization

?

Brazilian Stock Exchange started studies

Focus

- ☐ **Self regulation**
- ☐ **Standardization** in terms of disclosure requirements
- ☐ International standard for **operational monitoring**
- ☐ Disclosure understandable to any type of investor

Mining Segment

Up to date

- ☐ Study to create specific rules to mining companies
- ☐ We decided to postpone
- ☐ CBBR struggle to follow international standards and save time to develop the mechanism of financial resources
- ☐ BM&FBOVESPA support the CBBR to create a Mineral Exploration Reporting Standards





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