SECURITIES LENDING MANUAL

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INTRODUCTION

This manual aims to demonstrate the functionalities of B3's Securities Lending system.

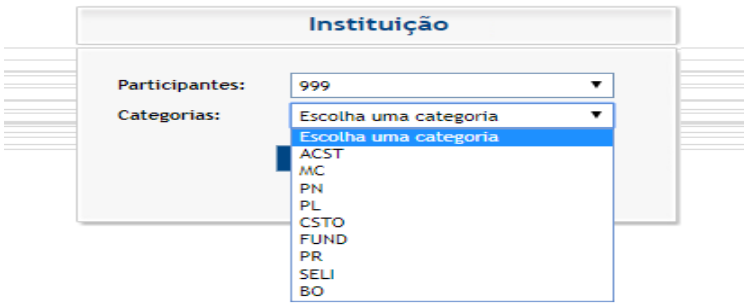
1. SYSTEM ACCESS

To access the Securities Lending (BTB) system, the institution's privileged user must include other users in the Access Control (CAU) system and release access to the BTB system.

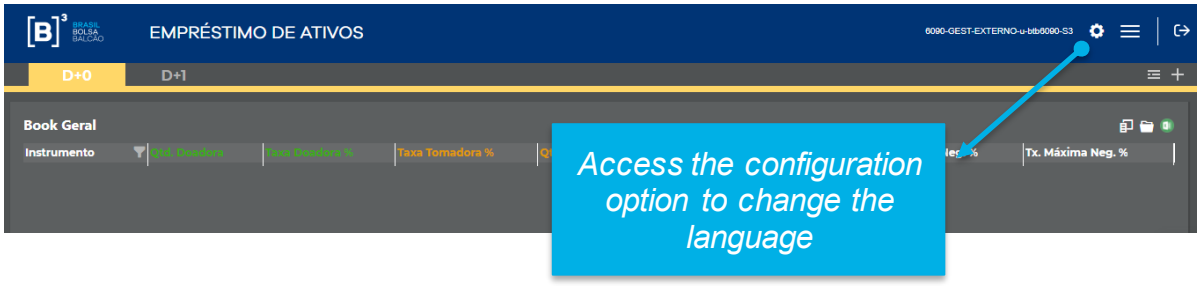
Login: User Code field in the CAU system provided by the BM&FBOVESPA access control system.

Password: User access code in the CAU system. The password is case sensitive and accepts uppercase and lowercase letters, numbers and special characters.

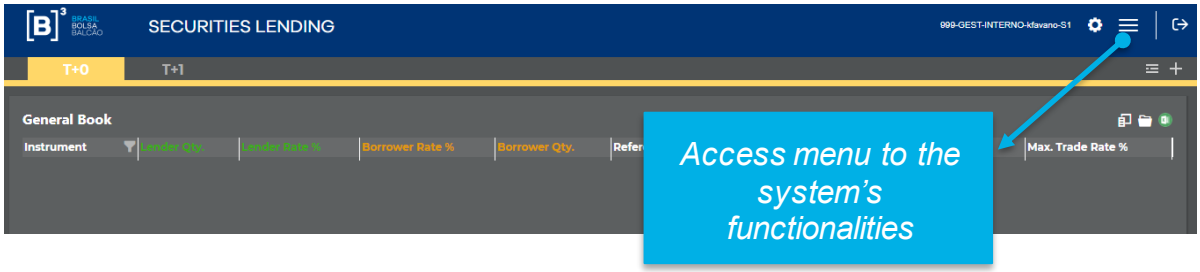
After entering the ID and password, another window opens whereby the participant must select the participant's code and category. If the participant has more than one category, they must select the category under which they will trade in the system.



The system will open as shown in the print screen below. To change the language of the system, the user must select the configuration option in the upper right corner.



To access the available functionalities, the user must select the menu available in the upper right corner.

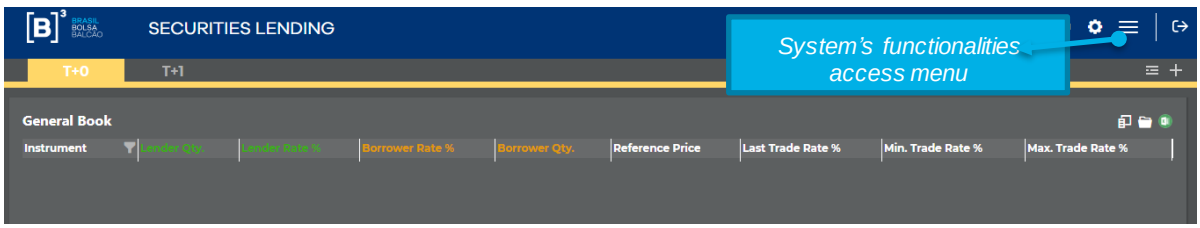


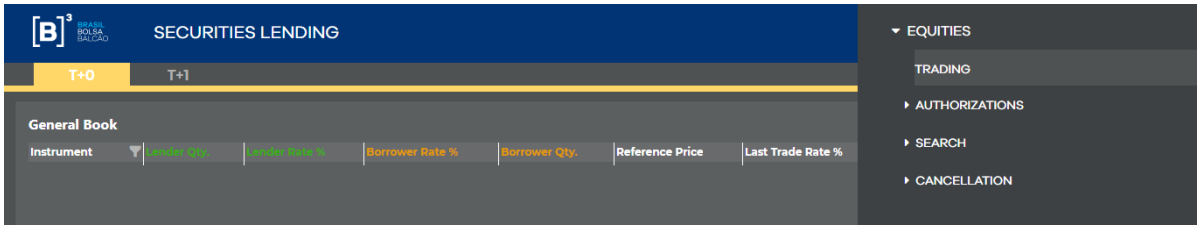
The functionalities will be available in accordance with the participant's access to the system. Therefore, we will divide this manual into the following topics:

- Buyside Access;
- Sellside Access (TP or DP);
- Carrying Lender/Borrower Participant Access;
- Custodian Access.

2. BUYSIDE ACCESS

After logging in through the CAU system, change the language and selecting the Manager or Foundation category, the system will display the functionalities access menu:





After clicking on the menu, the functionalities will be displayed according to the items listed below:

a. Trading
b. Authorizations
c. Offer Search
d. Cancellation

a. **Trading**: Allows access to the T+0 and T+1 trading modalities, visualization of available offers, entry of offers and execution of trades.

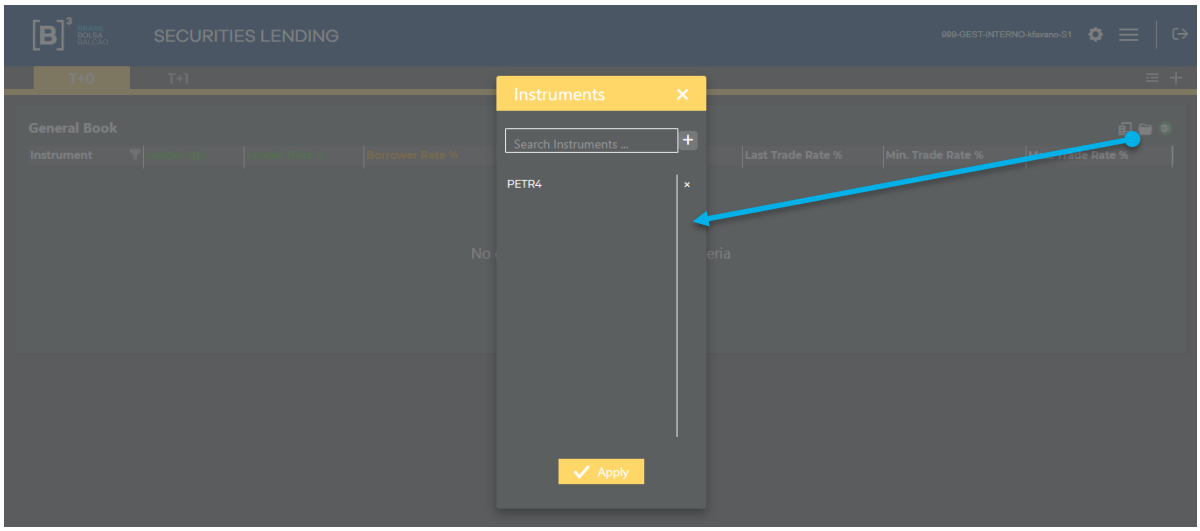
The trading modalities will be separated by tabs and users must select the modality they will use.

The offer book shows the best offers available for the securities selected by the user containing the following information:

- **Instrument:** Brings all the assets available for trading. It is possible to use the filter to search a particular asset.
- **Last trade rate:** Rate of the last trade executed for the asset.
- **Lending Qty:** Quantity available in the best lend offer.
- **Ask rate:** Best lend offer.
- **Bid rate:** Best borrow offer.

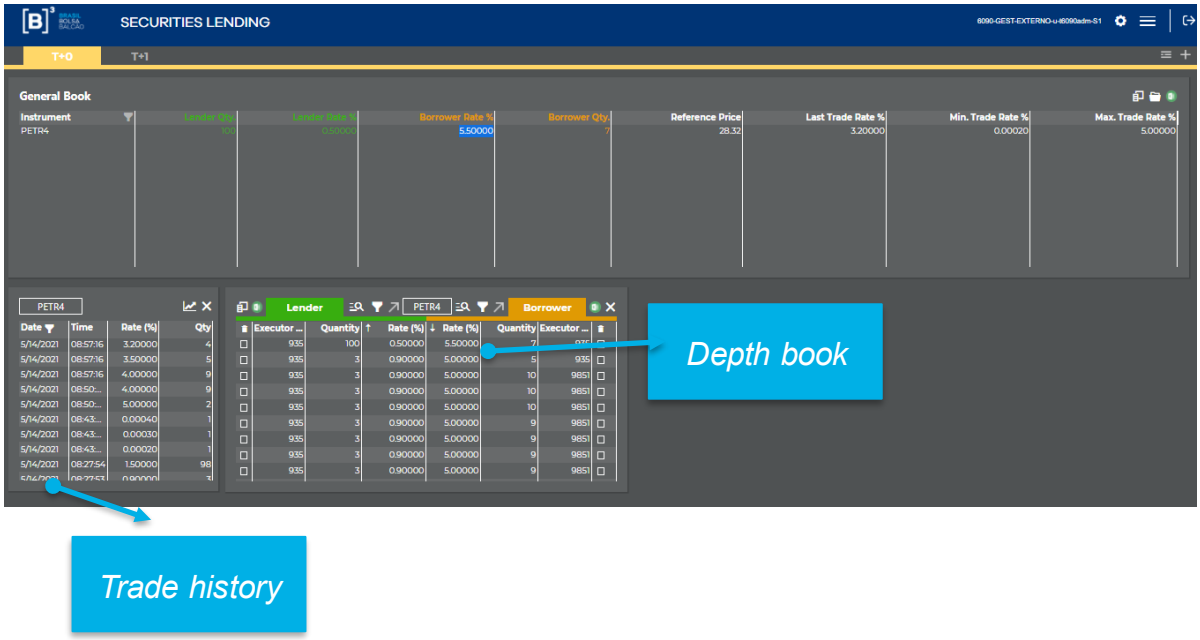
- **Borrowing Qty:** Quantity available in the best borrow offer.
- **Ref Price:** Price of the instrument that will be used to calculate the contract's financial volume.
- **Minimum fee%:** Minimum fee registered for a trade. Renewals are not considered.
- **Maximum fee%:** Maximum fee registered for a trade. Renewals are not considered.
- **Average trade rate (T-1) %**: average rate registered on the previous day. If no trades were closed for the instrument, the field will show the last average rate disclosed.

To view certain assets in the offer book, you must:



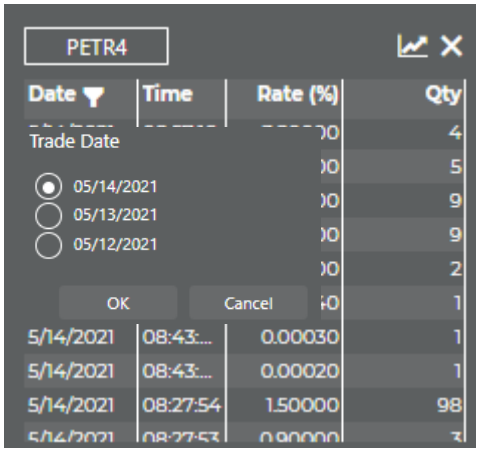
Select the instrument that you want to view in the book and then click on the "+" symbol and apply. After selecting the instrument, the system will display the best lend and borrow offer for that instrument at that time.

To view the other offers available for a given instrument, you must click on the instrument of your choice in the offer book. When doing this, the system will open the depth book.

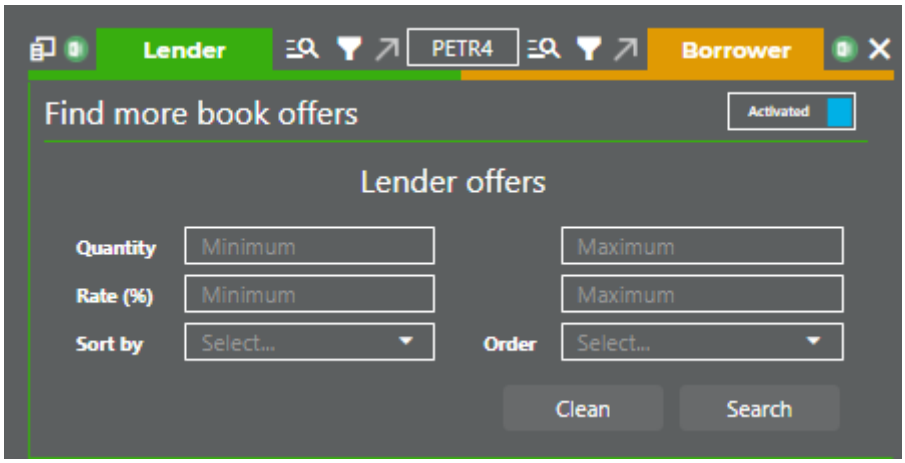


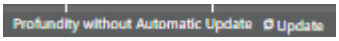
In addition, it will show the history of trades carried out on the day, T-1 and T-2 and you can view the trade date, the quantity, fee and closing time. This table will always be updated in real time when a new trade is executed for the instrument in question.

You can filter the trade date, click on the date filter and the dates will appear.

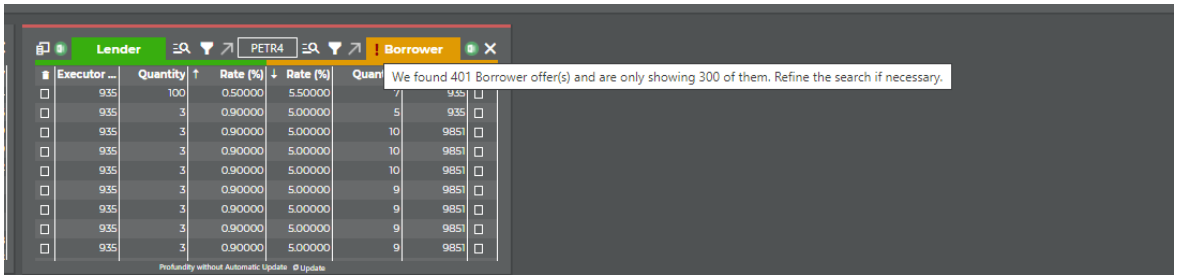


In the depth book, if you desire to look for more offers, click the button , activate and select the filters.

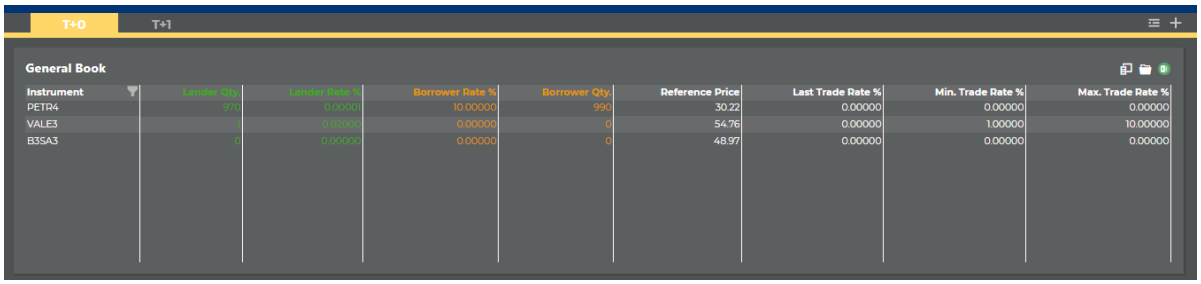


When you use the functionality find more book offers, the depth book will not be updated automatically. To update the depth book the user can click the update button button. 

If the system finds more offers than allowed, the system will show the alert button.



To enter an offer, you must select the "+" button shown in the quick access menu below:



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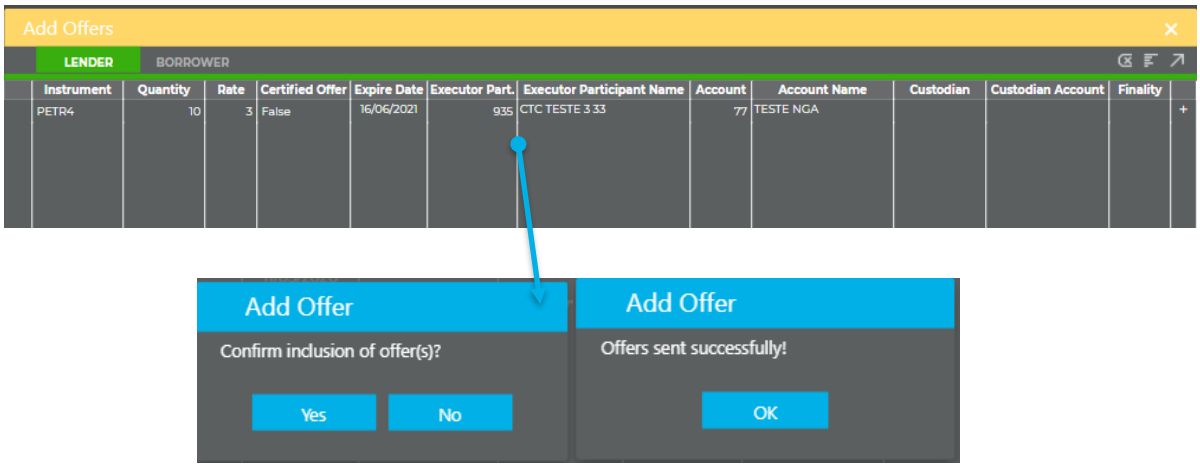
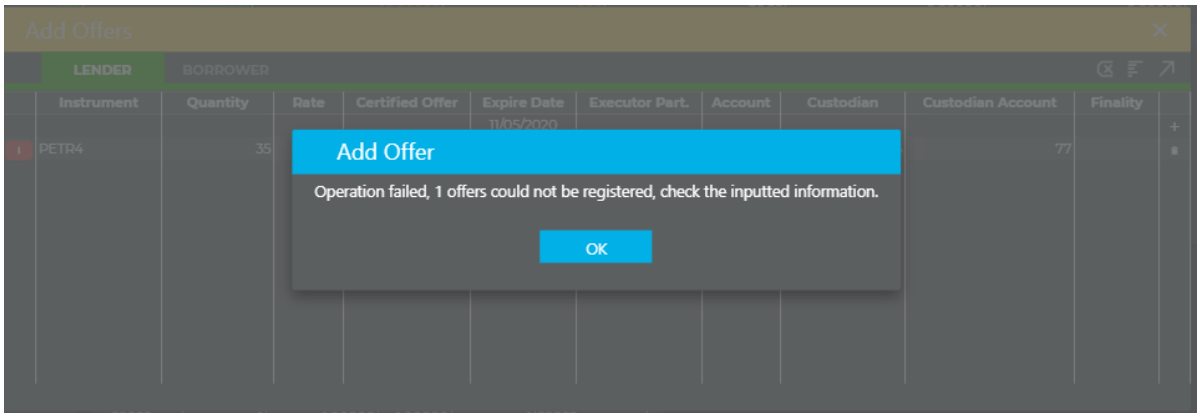


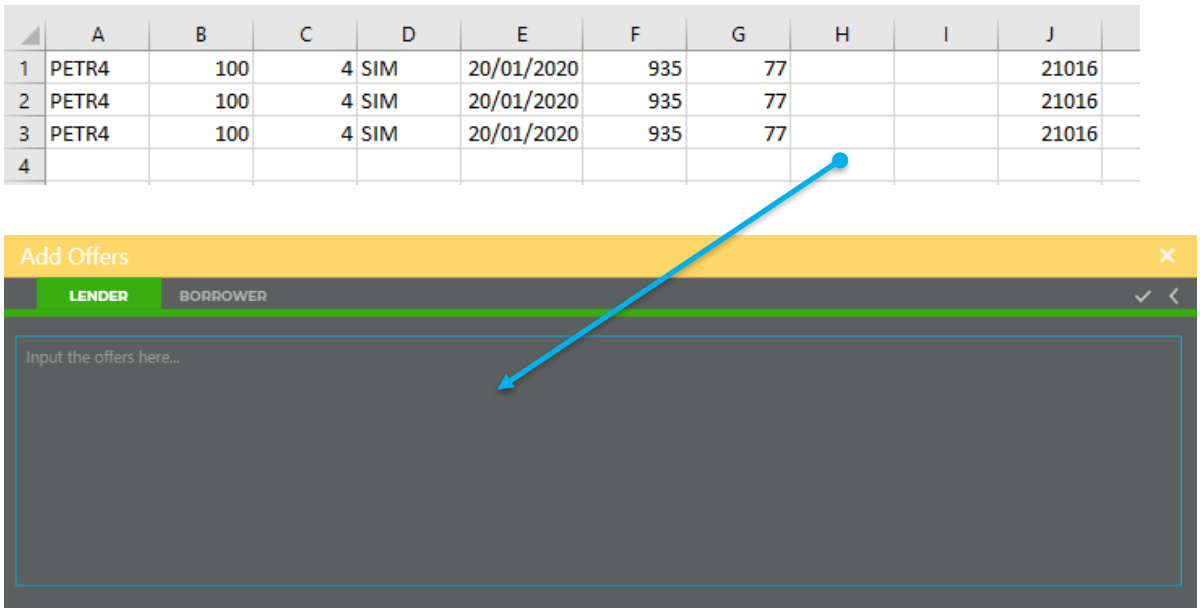
The type of lend or borrow offer can be selected according to the description in the "Lend" or "Borrow" tab.

After filling in the required data, you must select the "+" button and then select the send offers button ↗ If the data was filled in correctly, the system will return with the information that the offer was successfully entered. In this case, if there is any non-conformity in filling in the data, the system returns with the following error message:

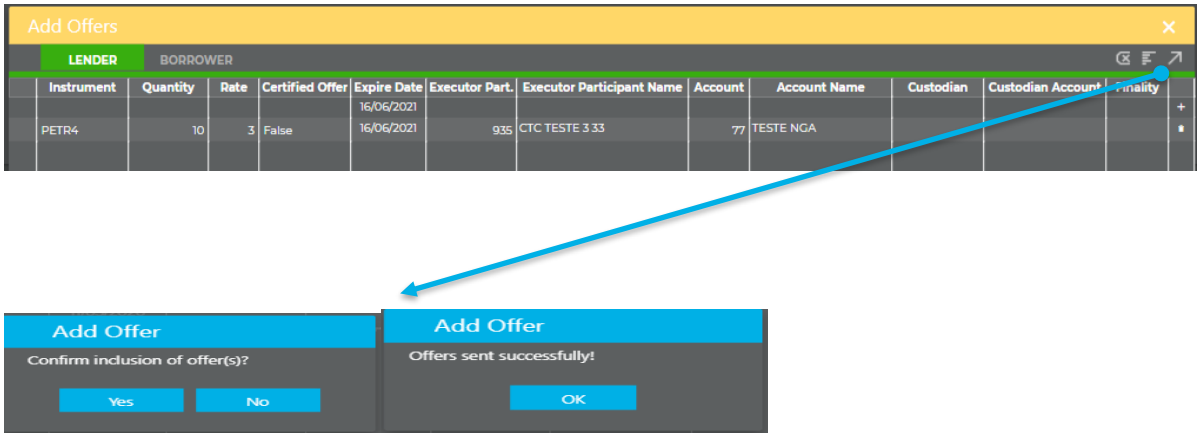


The system will allow the assets to be entered per batch. For this, you must select the ☰ menu, copy the data from a table and then paste it as shown below:

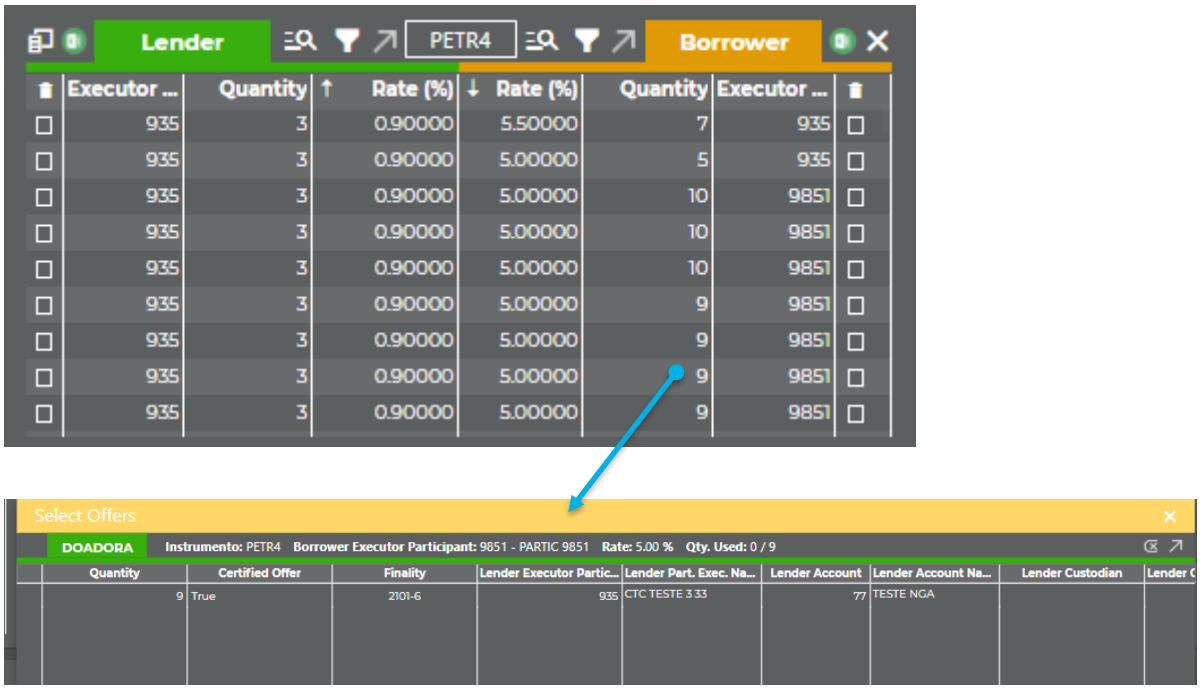
It is not necessary to copy and paste the columns Executor Participant Name and Account Name.



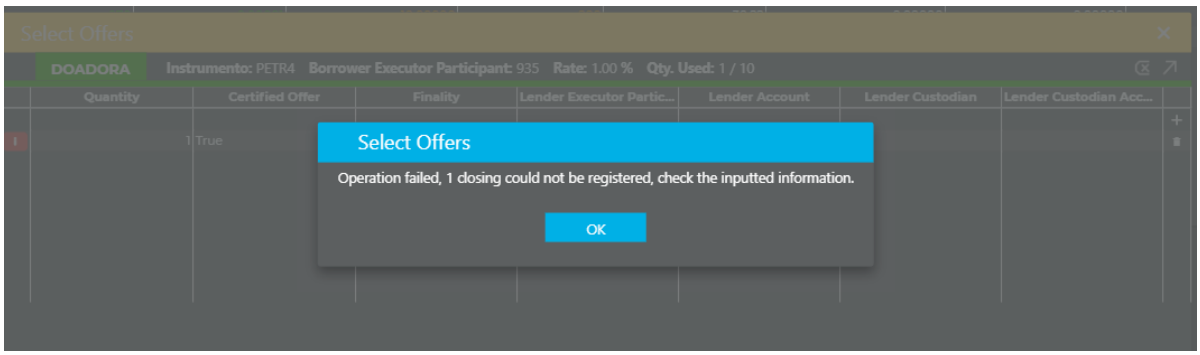
Then click on validate and later enter the offers into the system.



To execute trades, select the offer of your choice for execution and fill in the required data:

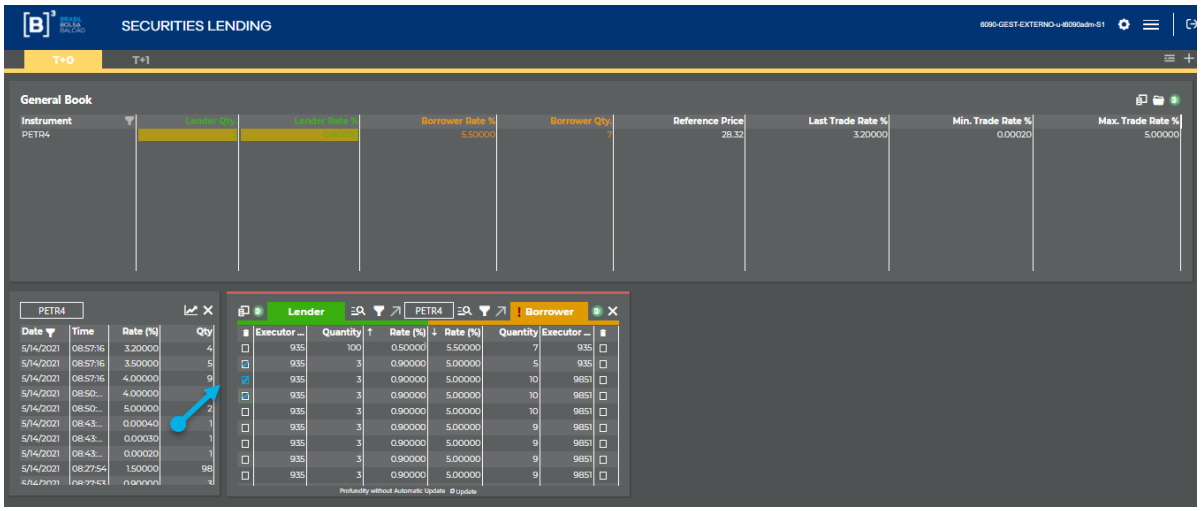


After filling in the required data, you must select the "+" button and subsequently send the offers. If the data was completed correctly, the system will return with the information that the "transaction was successfully received for processing by the clearinghouse". In this case, if there is any non-conformity in filling in the data, the system returns with the following error message:

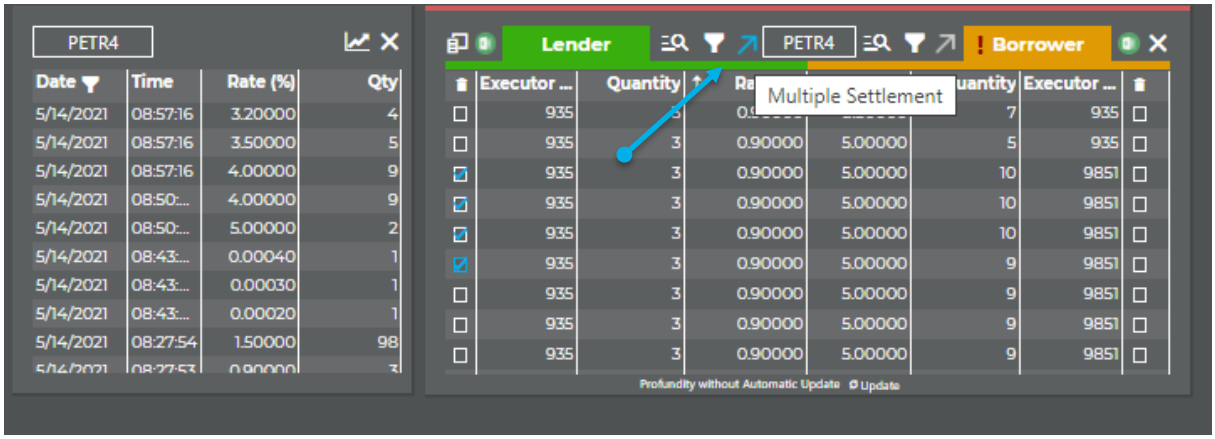


If the user wants to close multiple trades, select the desired offers and fill the required data.

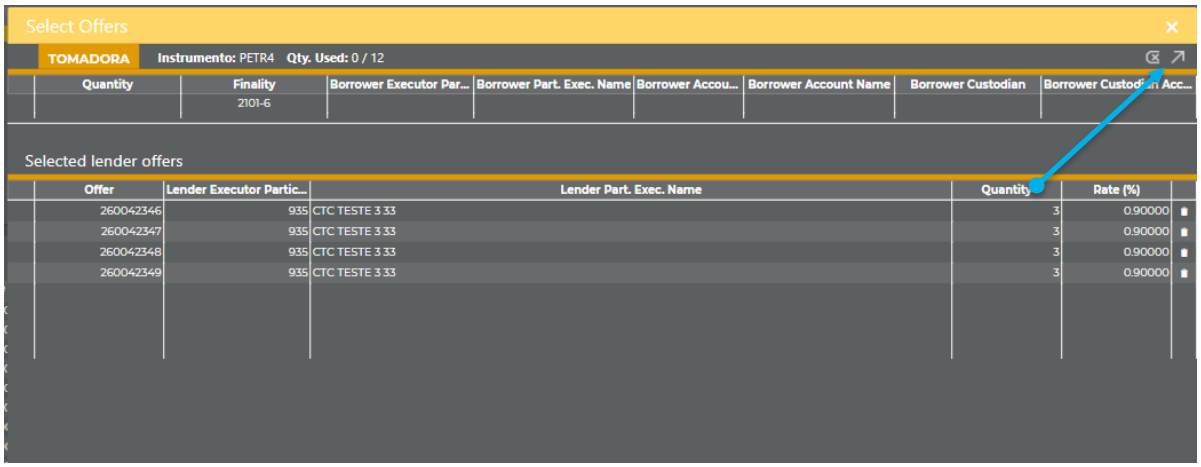
Only one account is allowed for multiple trade.



After choosing the offers you desire to close, click the arrow multiple settlement.



After filling the required data, click on the arrow send offers



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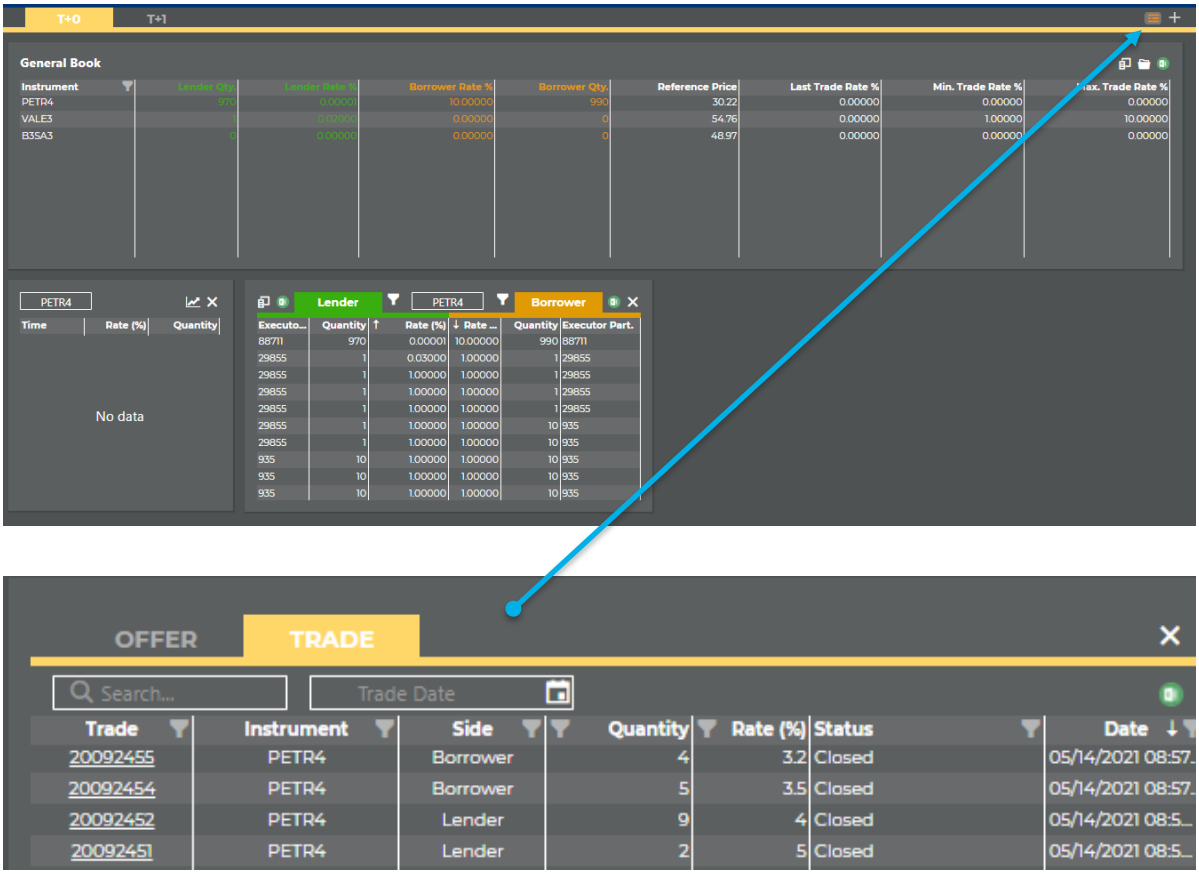
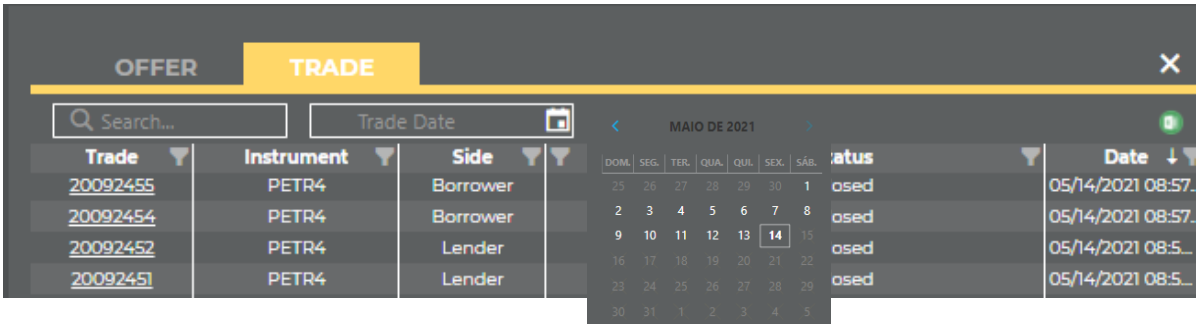
The system can track the offers and trades executed by the Buyside through the offer list menu. To view this table, you must select the quick access button as follows:



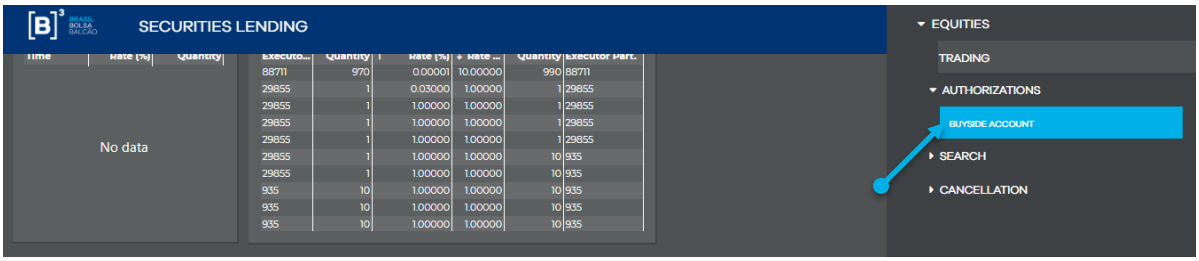
In this menu, depending on the selected tab, the Buyside will be able to monitor the status of offers and executed trades with visualization of time and date. By clicking on the number of the trade or offer, the system will display all its features.

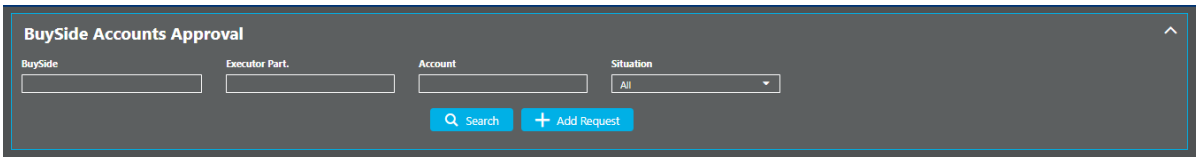
The trades can be consulted according to the historical period of the system. The trade date can be selected in the button below:



b. **Authorizations:** Allows the authorization request of accounts to be used, as well as search and monitoring of requests made previously.

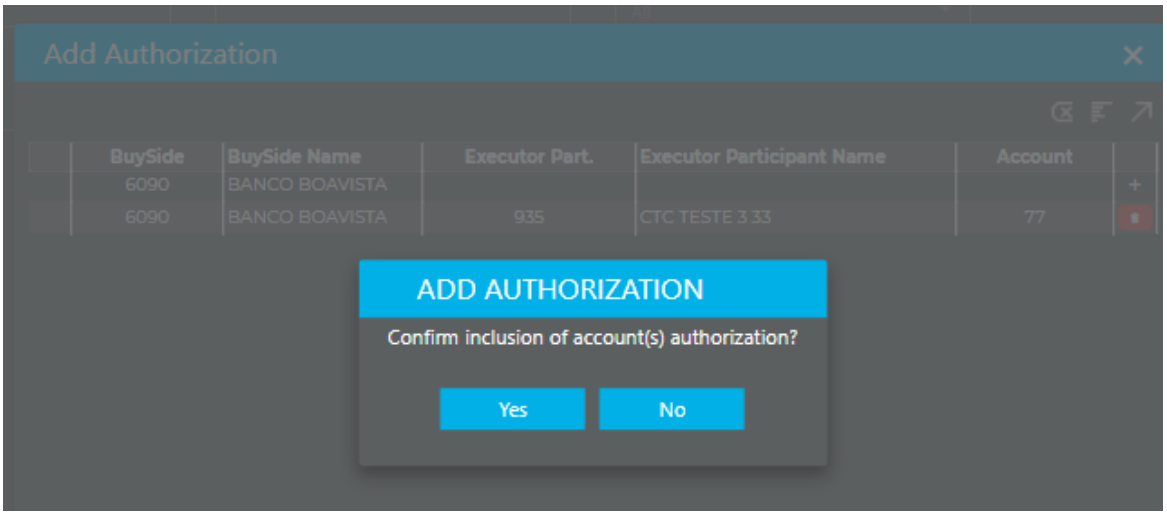
The Buyside may execute trades directly on the BTB system upon authorization of the Sellside through which it will trade. The following is the menu on which the Buyside will make these requests:



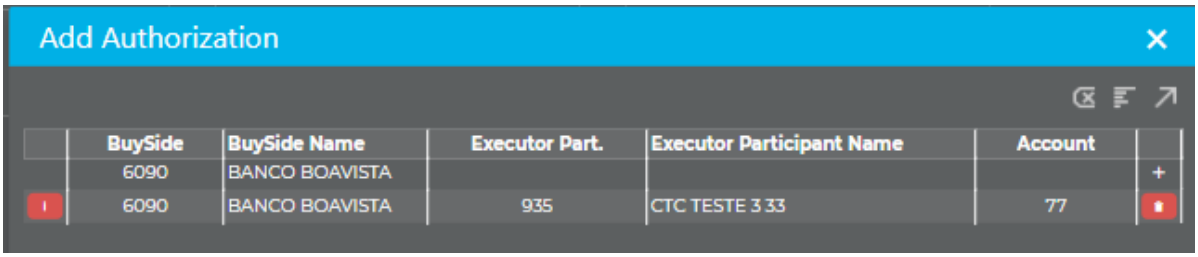


To add a new request, the Buyside must click on the “Add Request” button and then inform the Sellside (TP or DP) and the account registered in this participant, which will be used in the BTB system. The buy side name and executor participant name were included.

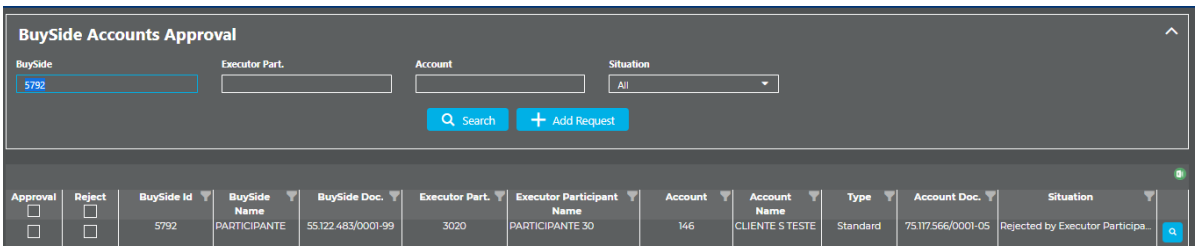
Then click on the “↗” button and save the authorization requests.



In the event of a non-conformity, the system reports an error in the request made as follows:



To Search or follow up on previous requests, the Buyside may click the “Search” button mentioning the account in which it wishes to obtain information from.



The “Status” column will display the status of the authorization request. The system allows the Buyside to reject a previously executed registration. For this, select the check box with the “Reject” option.

c. **Offer Search – Executor Participant/Buyside:** Allows search of offers entered into the system by the Buyside.

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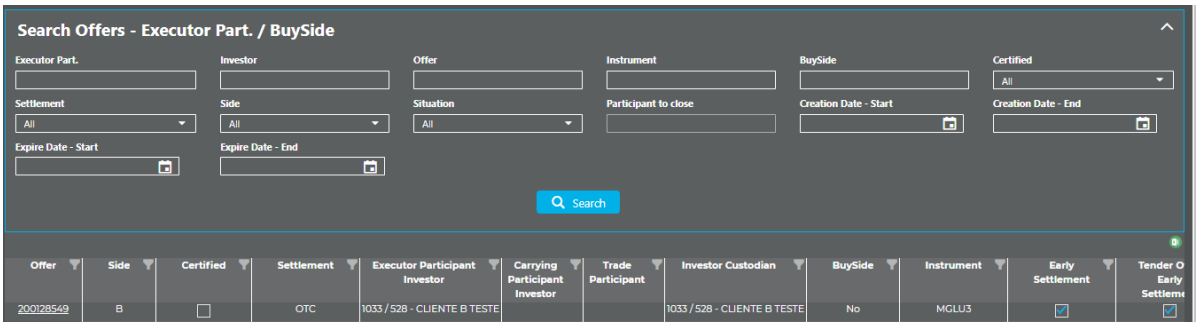
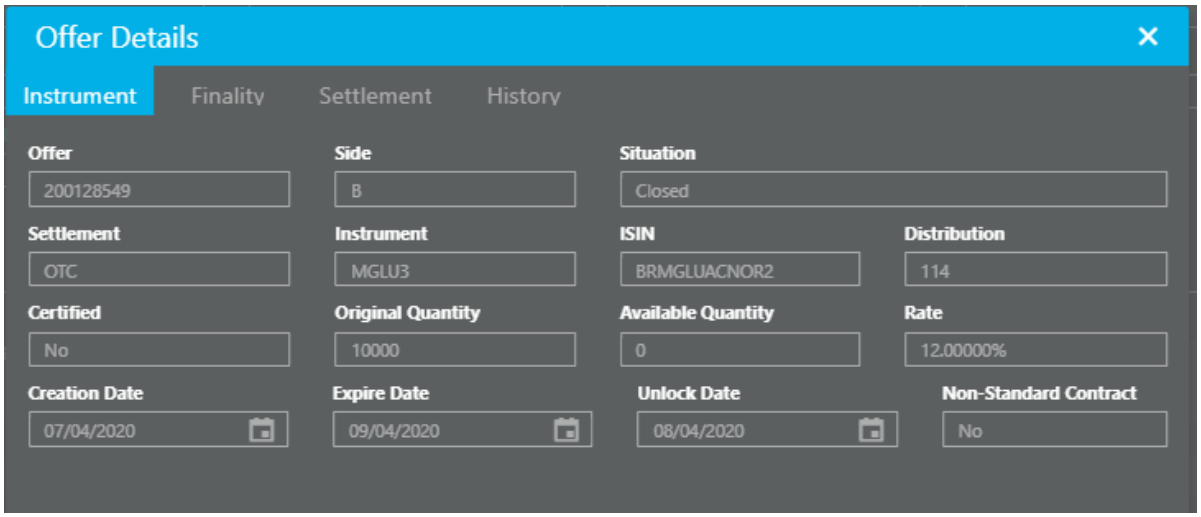
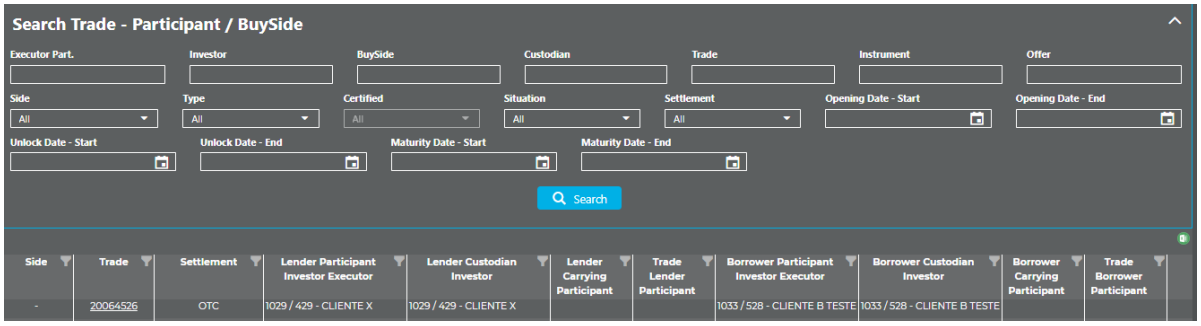


Depending on the criteria entered in the filter, the system returns the offers entered by the Buyside and the result can be exported to Excel. In addition, if you wish to view all the characteristics of a given offer, you can click on the offer number:



- Trades Search - Participant/Buyside: Allows search of all trades carried out by the Buyside.



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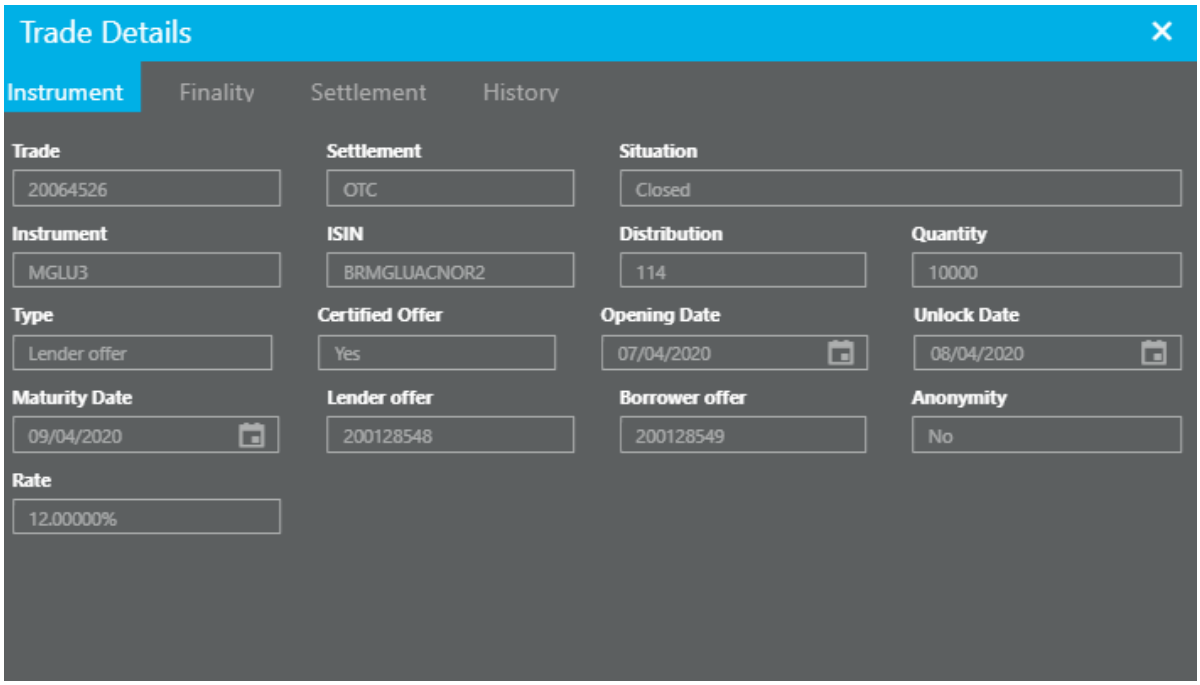


d. Cancellation:

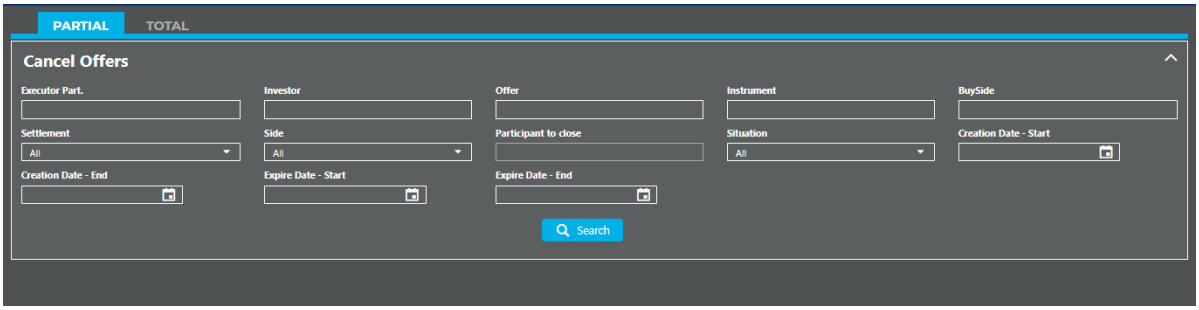
The system provides two types of cancellation:

Partial cancellation: Users select the offers they wish to cancel. It is possible to cancel the offers by batch, limited to fifty offers per search performed.

Total cancellation: Users will cancel all offers available and pending authorization, which are inserted using the entered participant's code considering both T+0 and T+1 modalities.

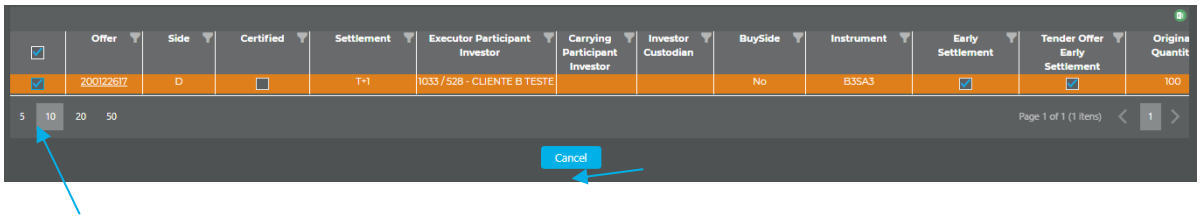
i. Partial cancellation

Functionality available for the Buyside to cancel the available offers.

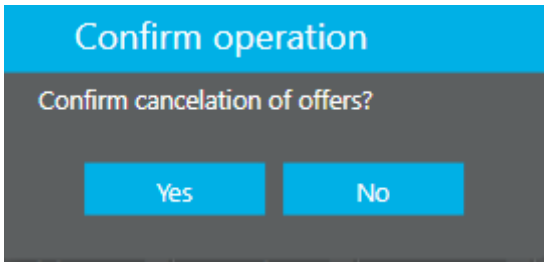


Users may use the available filters and then click on search.

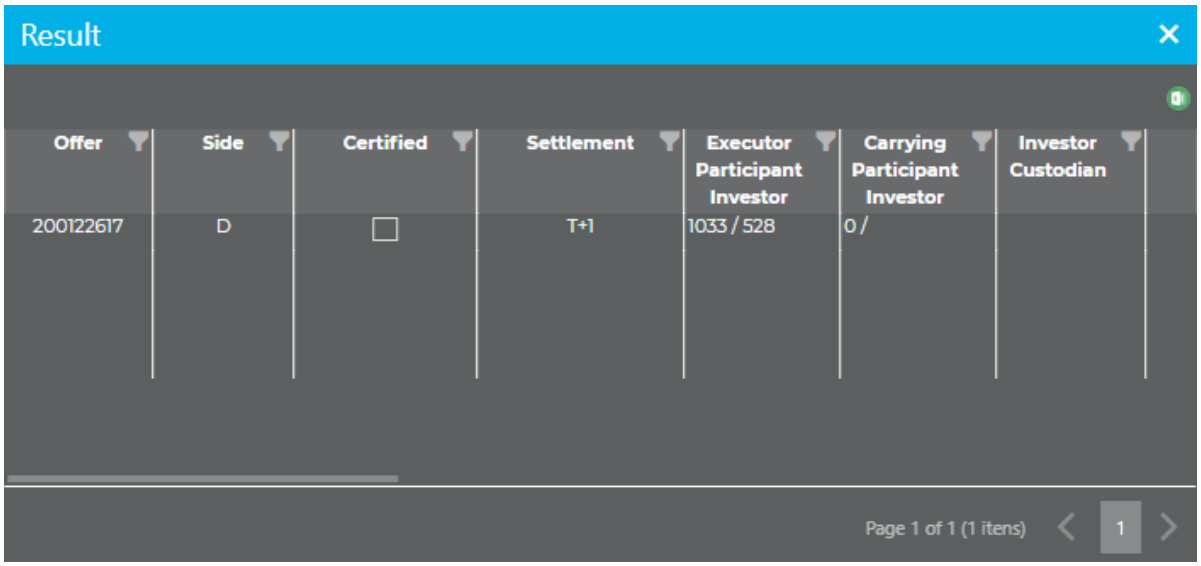
To cancel, the user must click on the symbol next to the offer column and then on the cancel button.



The system will request confirmation of the transaction.

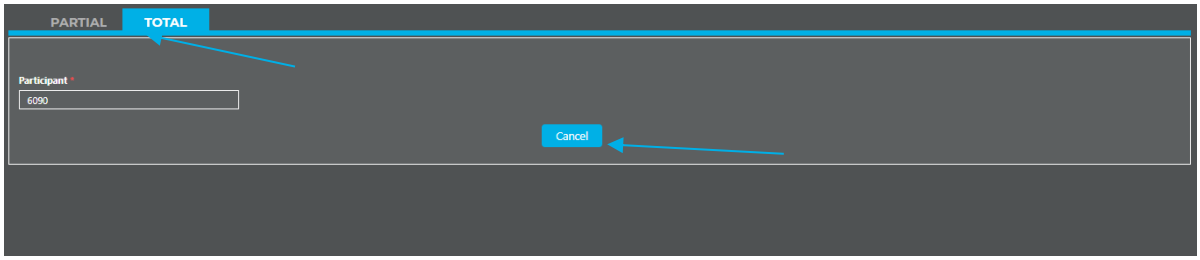


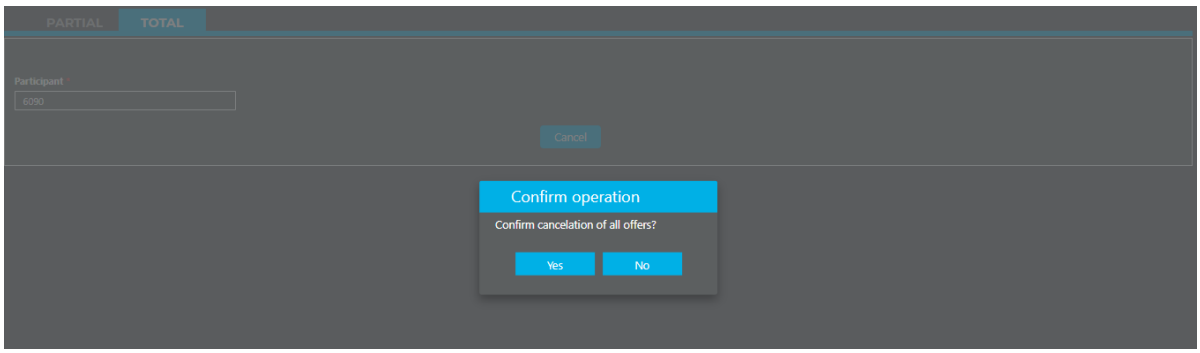
After confirmation, a window will open with the result of the transaction. It may be exported to Excel.



ii. Total cancellation

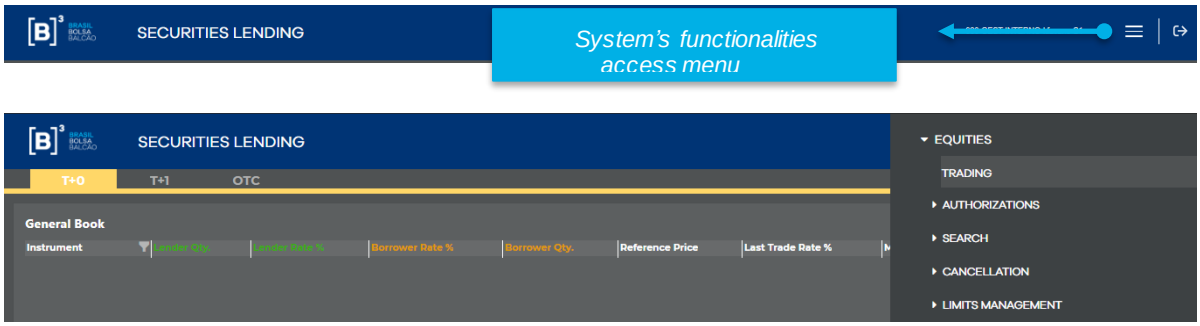
In this menu, by clicking on the “Cancel” button, all available offers entered by the Buyside or pending approval related to the T+0 and T+1 modalities will be canceled.





3. SELLSIDE ACCESS (TP OR DP)

After logging in through the CAU system and selecting the Full Trading Participant (TP) or Direct Participant (DP) category, the system will display the functionalities access menu:



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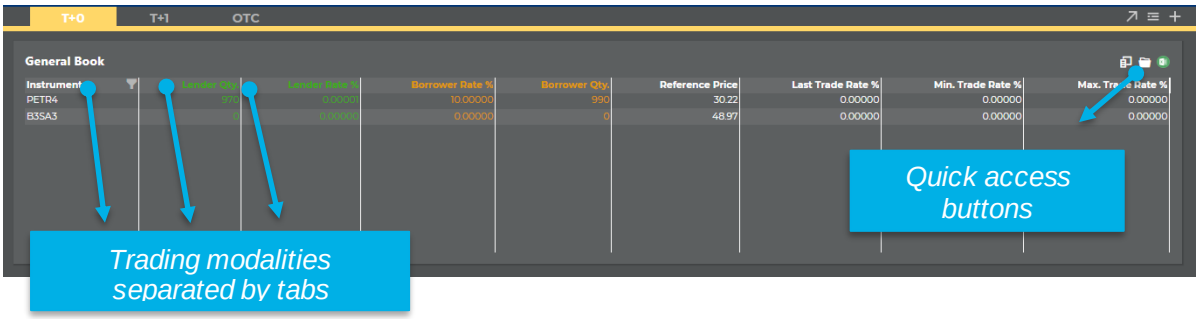

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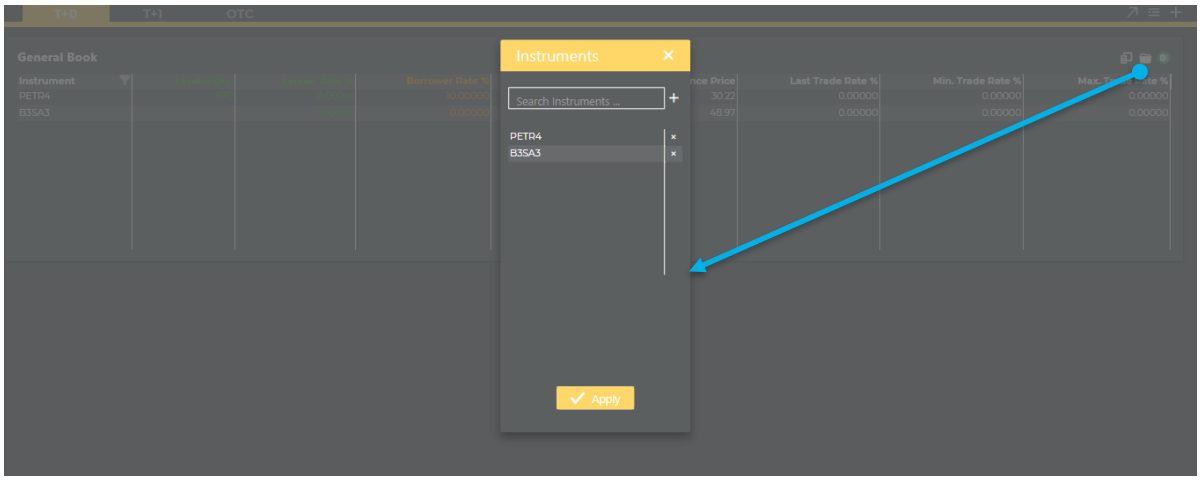
- **Instrument:** Brings all the assets available for trading. It is possible to use the filter to search a particular asset.
- **Last trade rate:** Rate of the last trade executed for the asset.
- **Lending Qty:** Quantity available in the best lend offer.
- **Ask rate:** Best lend offer.
- **Bid rate:** Best borrow offer.
- **Borrowing Qty:** Quantity available in the best borrow offer.
- **Ref Price:** Price of the instrument that will be used to calculate the contract's financial volume.

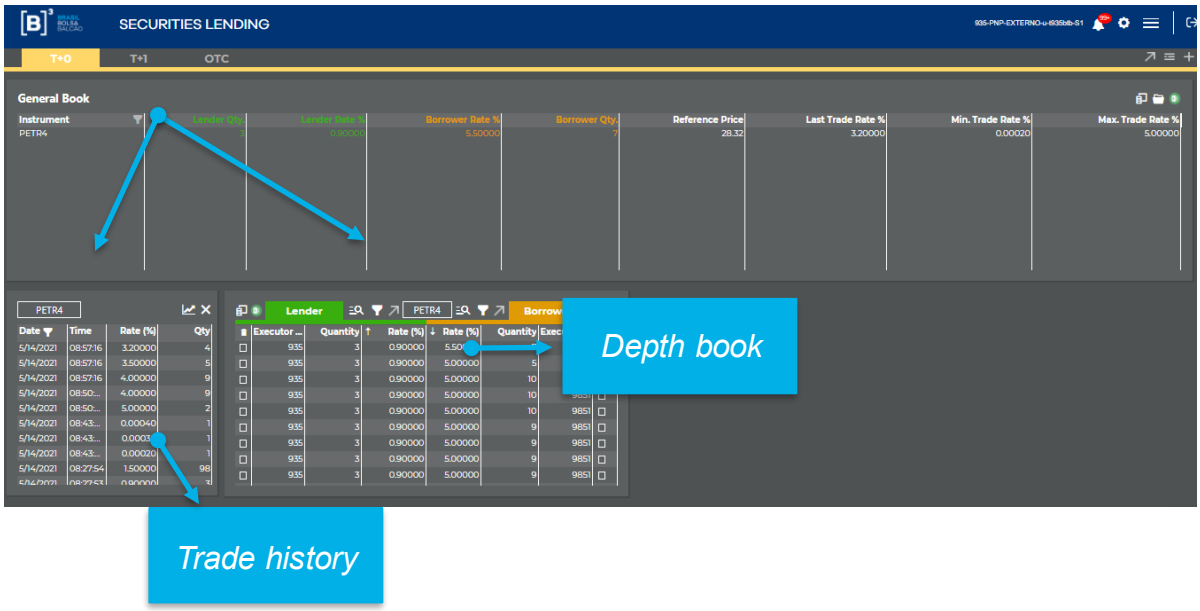
- **Minimum fee%:** Minimum fee registered for a trade. Renewals are not considered.
- **Maximum fee%:** Maximum fee registered for a trade. Renewals are not considered.
- **Average trade rate (T-1) %:** average rate registered on the previous day. If no trades were closed for the instrument, the field will show the last average rate disclosed.

To view certain assets in the offer book, you must:



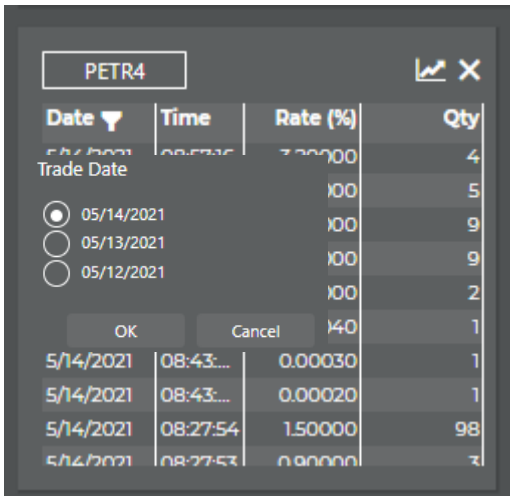
Select the instrument that you want to view in the book and then click on the "+" symbol and apply. After selecting the instrument, the system will display the best lend and borrow offer for that instrument at that time.

To view the other offers available for a given instrument, you must click on the instrument of your choice in the offer book. When doing this, the system will open the depth book.

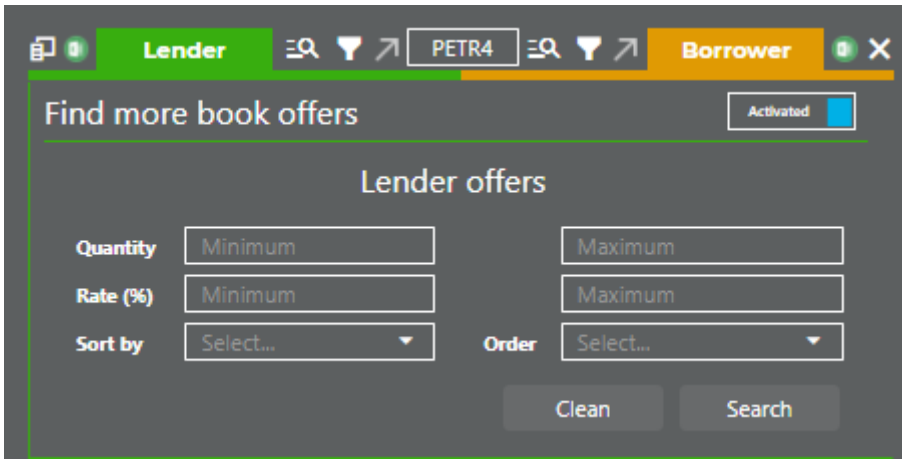


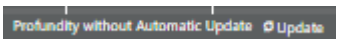
In addition, it will show the history of trades carried out on the day and you can view the quantity, fee and closing time. This table will always be updated in real time when a new trade is executed for the instrument in question.

You can filter the trade date, click on the date filter and the days will appear.

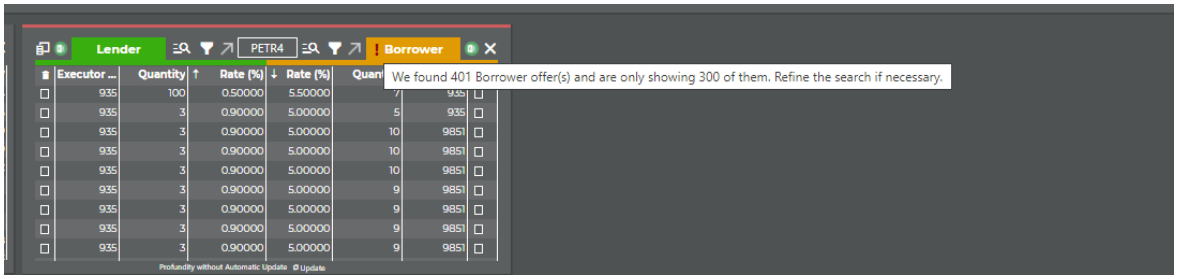


In the depth book, if you desire to look for more offers, you click the button , activate and select the filters.

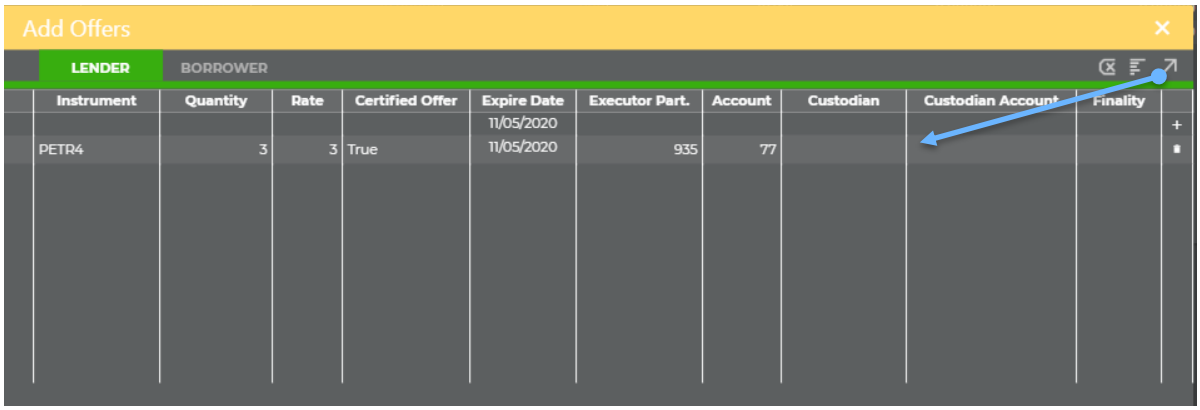


When you use the functionality find more book offers, the depth book will not be updated automatically. To update the depth book the user can click the update button button. 

If the system finds more offers than allowed, the system will show the alert button.

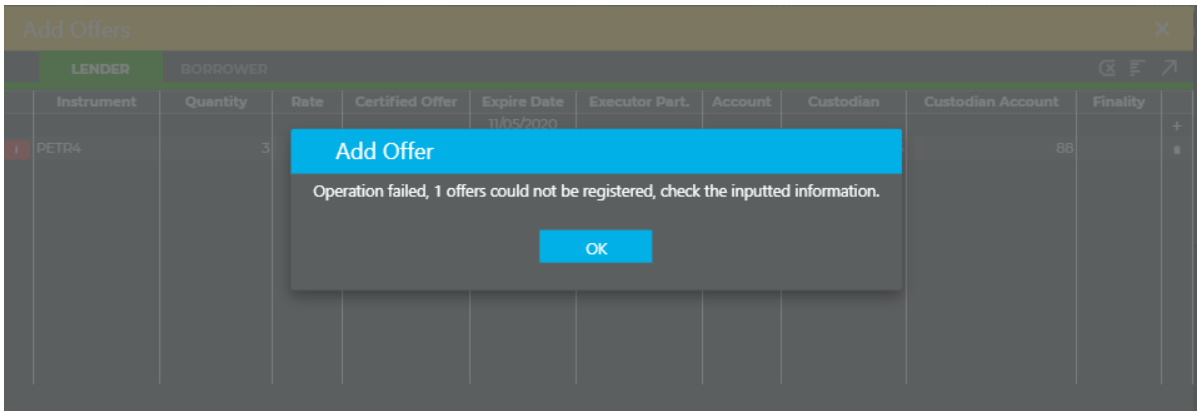


To enter an offer, you must select the “+” button shown in the quick access menu below:

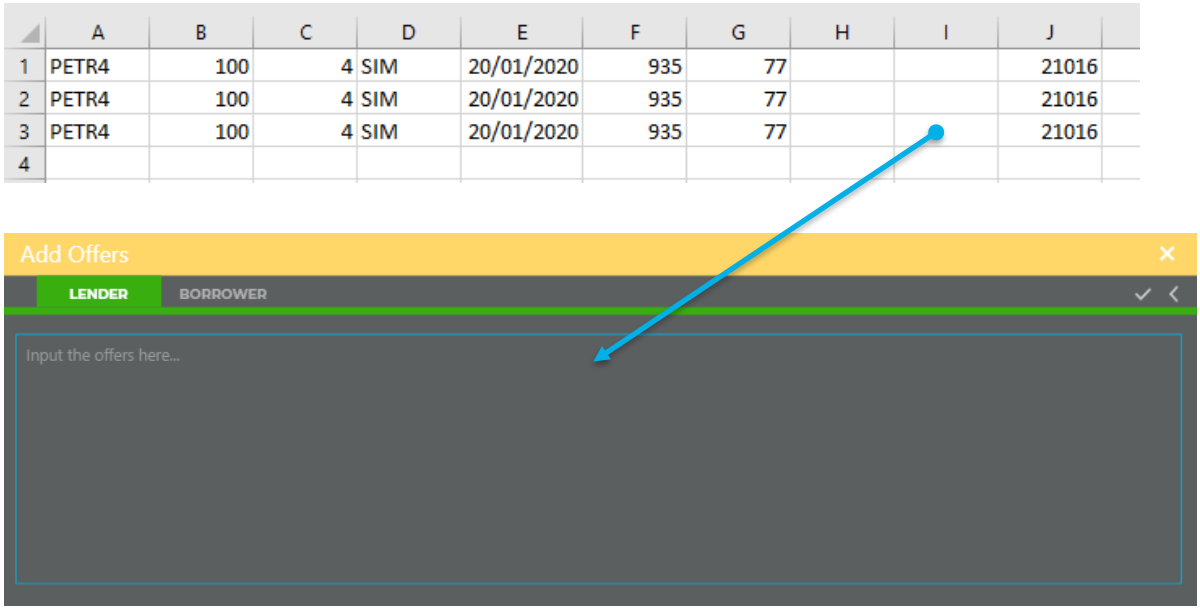


The type of lend or borrow offer can be selected according to the description in the "Lend" or "Borrow" tab.

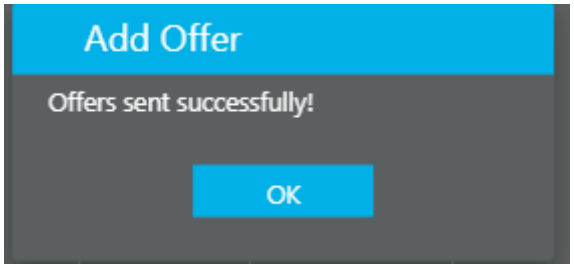
After filling in the required data, you must select the "+" button and then select the send offers button. If the data was filled in correctly, the system will return with the information that the offer was successfully entered. In this case, if there is any non-conformity in filling in the data, the system returns with the following error message:



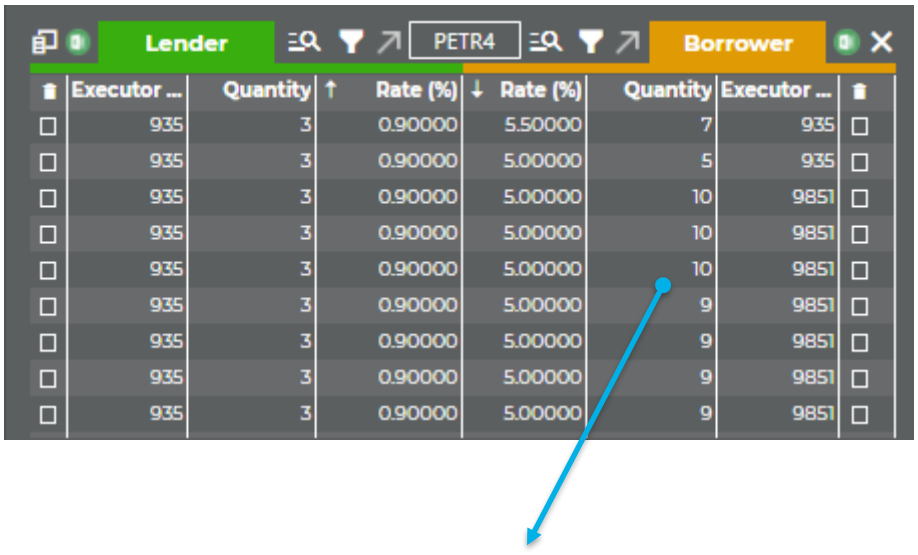
The system will allow the assets to be entered per batch. For this, you must select the menu, copy the data from a table and then paste it as shown below:

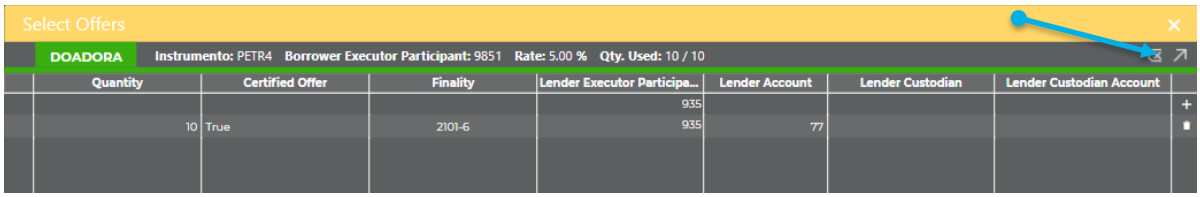


Then click on validate and later enter the offers into the system.

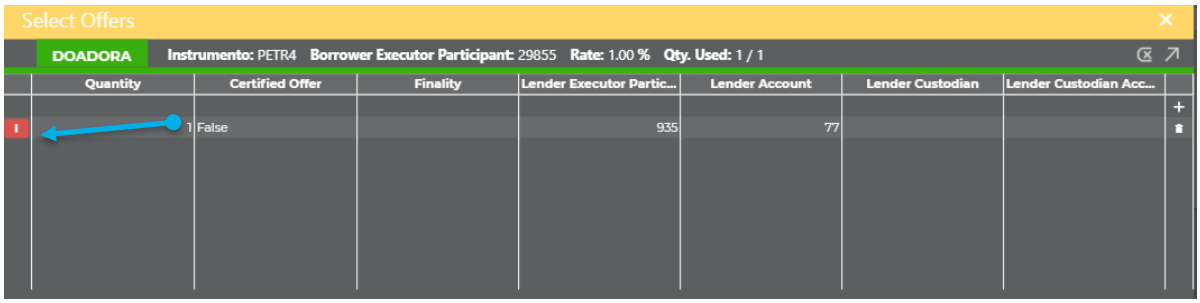


To execute trades, select the offer of your choice for execution and fill in the required data:

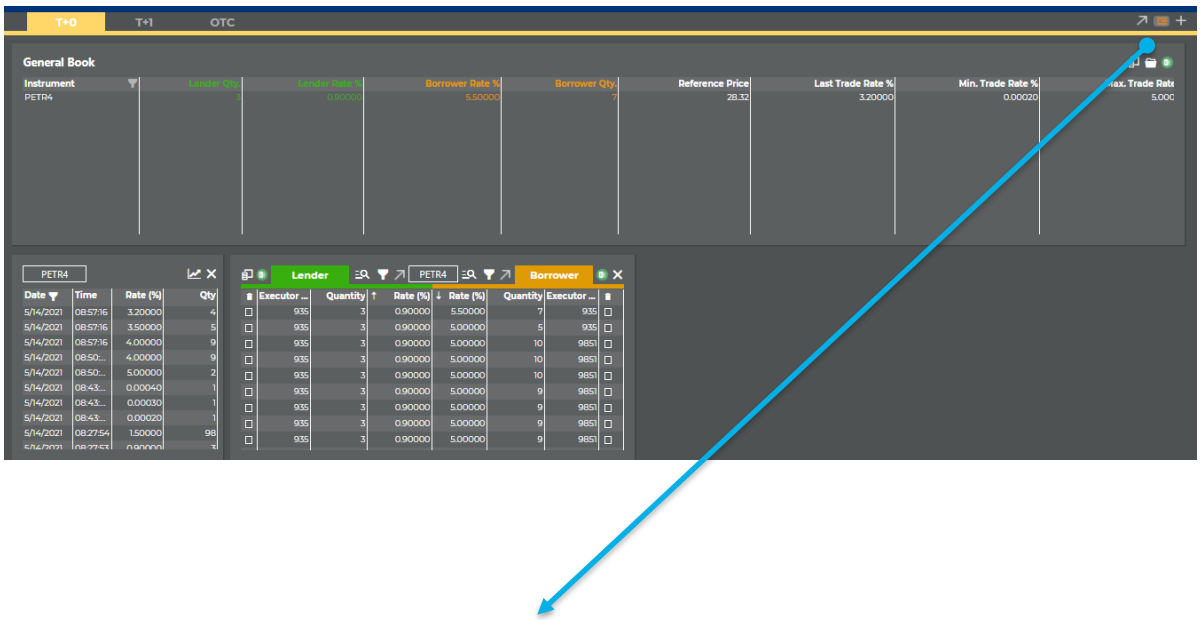


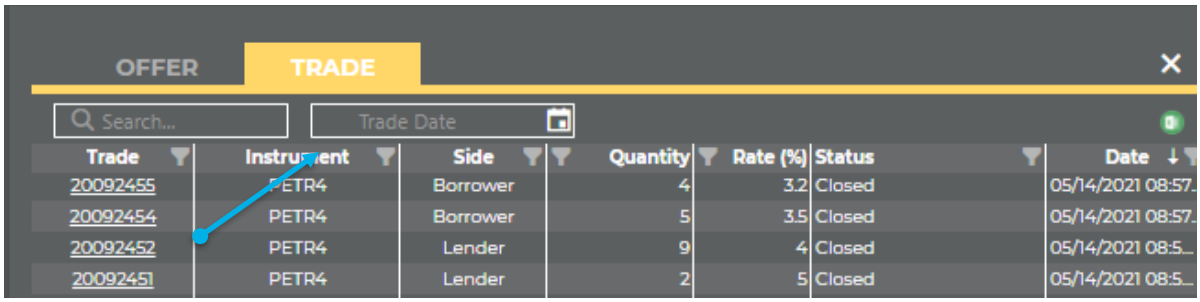


After filling in the required data, you must select the "+" button and subsequently send the offers. If the data was completed correctly, the system will return with the information that the "transaction was successfully received for processing by the clearinghouse". In this case, if there is any non-conformity in filling in the data, the system returns with the following error message:



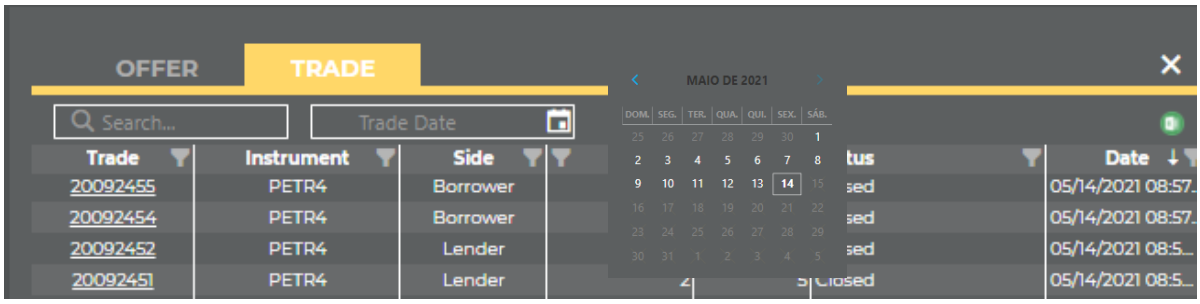
The system can track the offers and trades executed by the Sellside through the offer list menu. To view this table, you must select the quick access button as follows:





In this menu, depending on the selected tab, the Sellside will be able to monitor the status of executed offers and trades with visualization of time and date. By clicking on the number of the trade or offer, the system will display all its features.

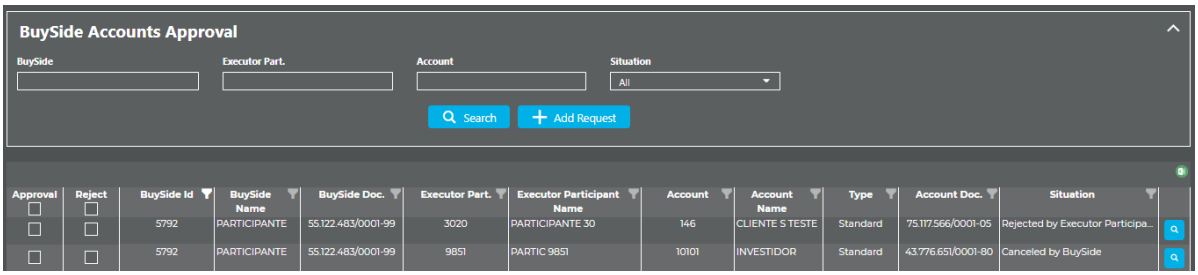
The trades van be consulted according to the historical period of the system. The trade date can be selected in the button.



a. Authorizations: Allows the authorization request of accounts to be used by the Buyside, as well as search and monitoring of requests made previously.

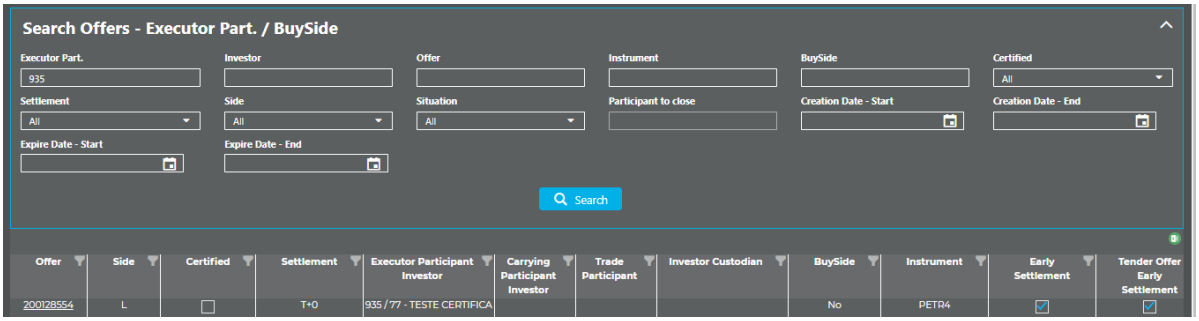
The Buyside may execute trades directly on the BTB system upon authorization of the Sellside through which it will trade. The following is the menu on which the Sellside will carry out these authorizations:

To carry out an authorization, the Sellside must click on the search button, and if they wish they can use the available filters.

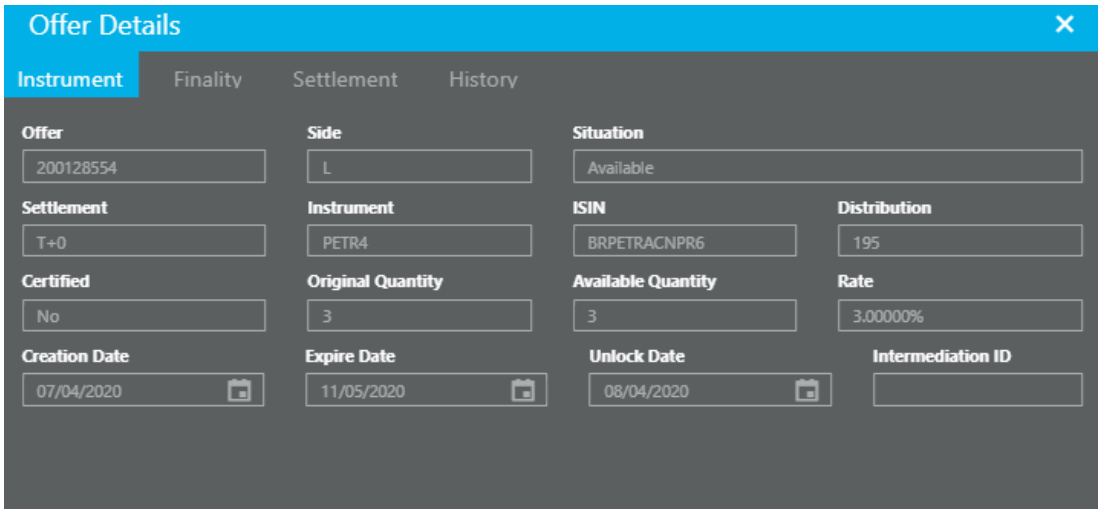


The “Status” column will display the status of the authorization request. The Sellside may “authorize” or “reject” the request and then click on the “Save” button. If necessary, the result may be exported to Excel.

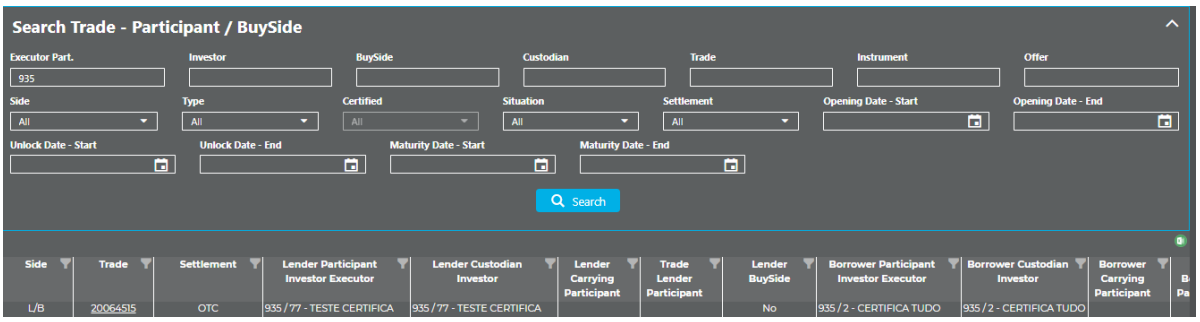
b. **Offer Search - Executor Participant/Buyside:** Allows search of all offers entered into the system by the Sellside and by the Buyside who uses the Sellside in question as a participant.



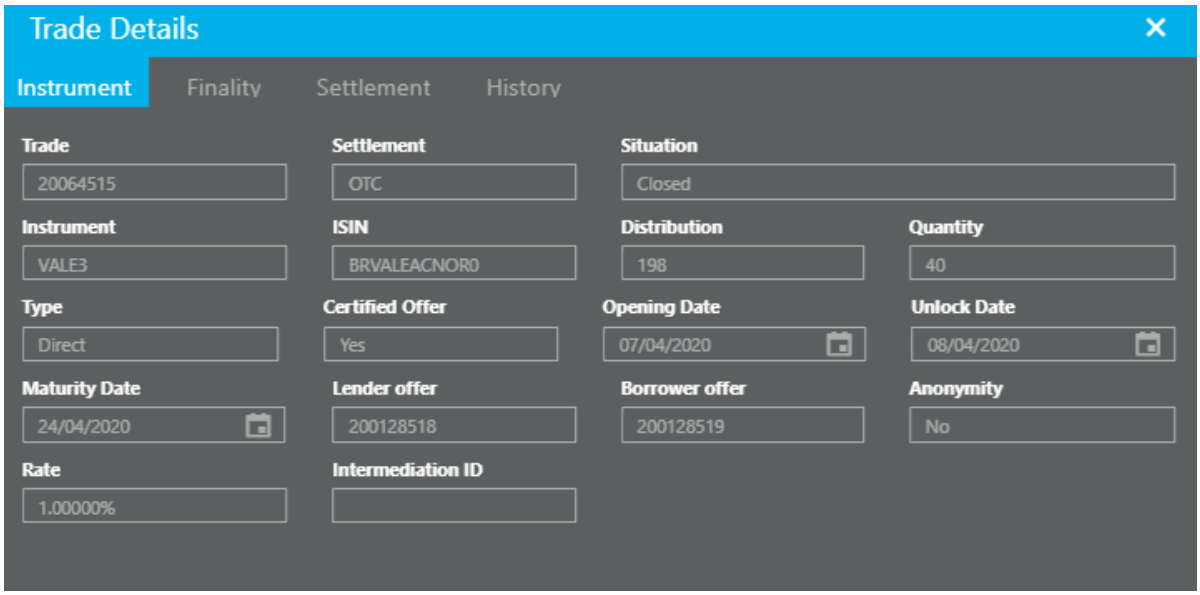
Depending on the criteria entered in the filter, the system returns the offers entered by the Sellside and the result can be exported to Excel. In addition, if you wish to view all the characteristics of a given offer, you can click on the offer number:



- **Trades Search - Participant/Buyside:** Allows search of all trades carried out by the Sellside or by the Buyside who uses the Sellside in question.



Depending on the criteria entered in the filter, the system returns the trades entered by the Sellside or by the Buyside on the former's behalf and the result can be exported to Excel. In addition, if you wish to view all the characteristics of a given trade, you can click on the trade number:



c. Cancellation:

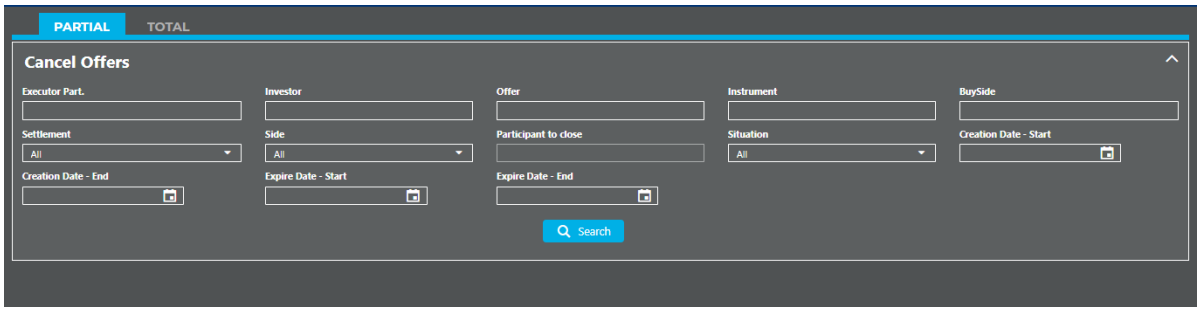
The system provides two types of cancellation:

Partial cancellation: Users select the offers they wish to cancel. It is possible to cancel the offers by batch, limited to fifty offers per search performed.

Total cancellation: Users will cancel all offers available and pending authorization, which are inserted using the entered participant's code considering both T+0 and T+1 modalities and Registration.

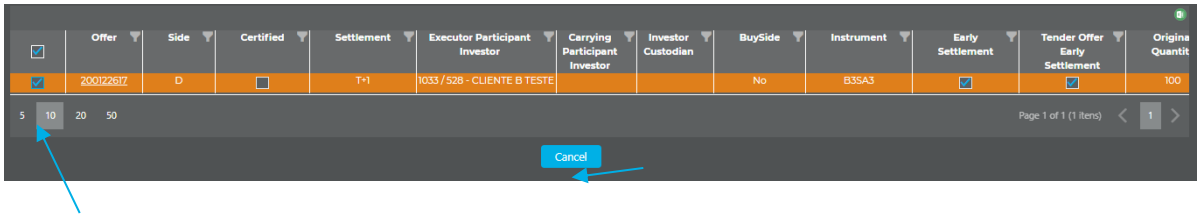
i. Partial cancellation

Functionality available for the Sellside to cancel the available offers.

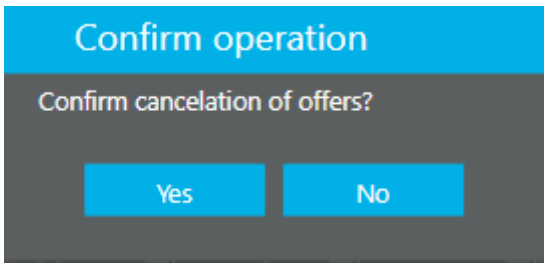


Users may use the available filters and then click on search.

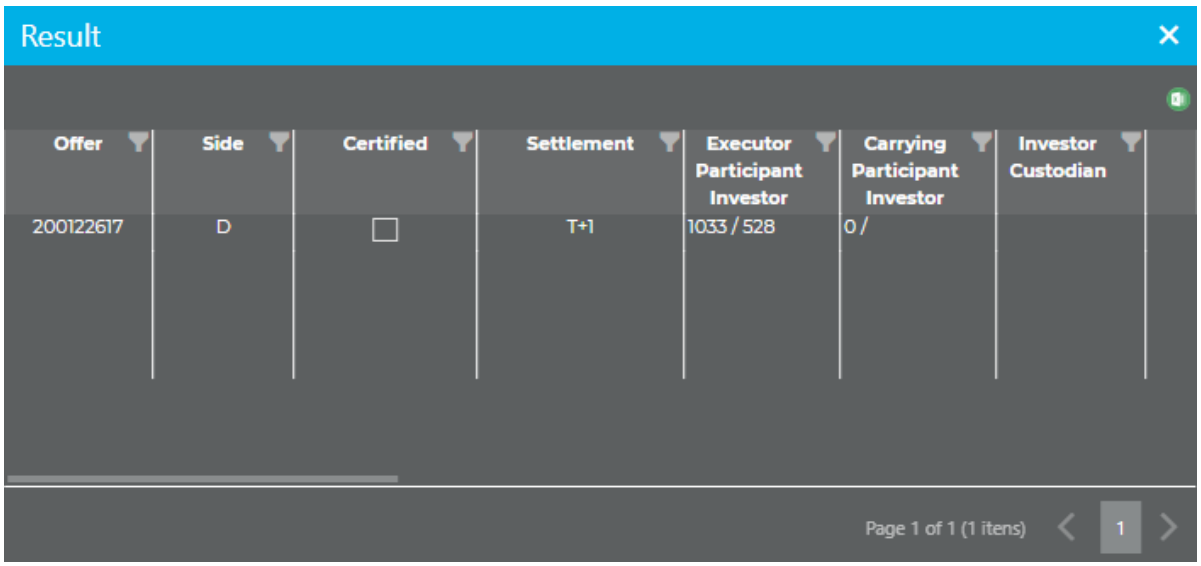
To cancel, the user must click on the symbol next to the offer column and then on the cancel button.



The system will request confirmation of the transaction.

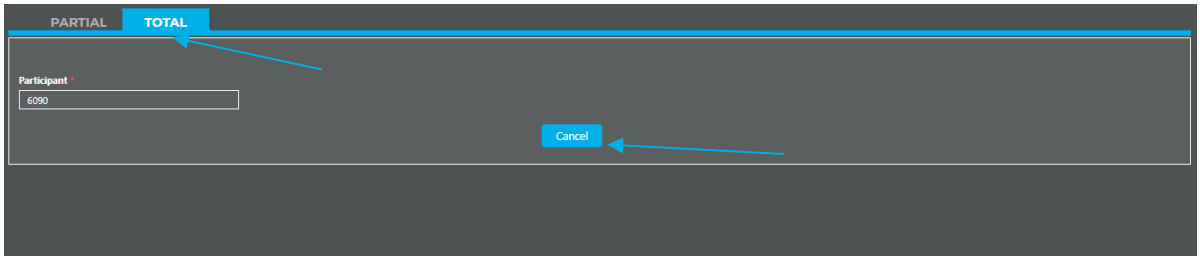


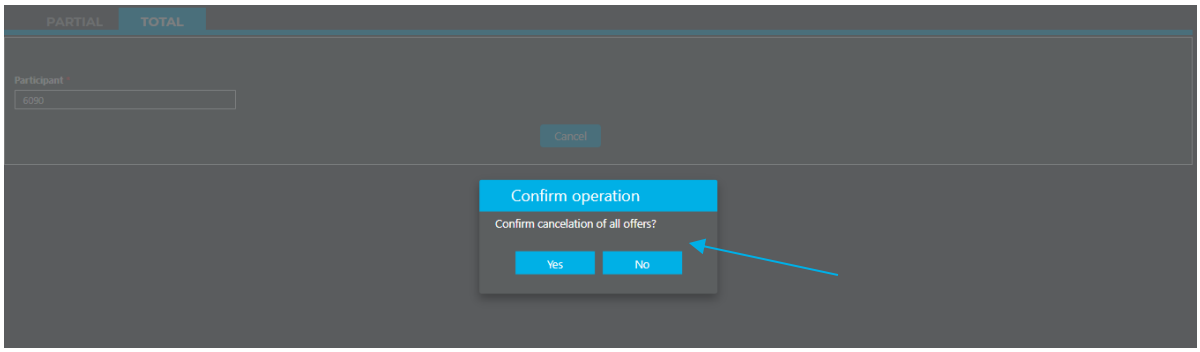
After confirmation, a window will open with the result of the transaction. It may be exported to Excel.



ii. Total cancellation

In this menu, by clicking on the “Cancel” button, all available offers entered by the Sellside, whose status is available or pending approval, in the T+0 and T+1 modalities and Registration will be canceled.





4. CARRYING LENDER AND BORROWER PARTICIPANT’S ACCESS

The carrying lender participant and carrying borrower participant will have their own screens to authorize offers and trades on the BTB system. Authorizations are segregated according to lender’s and borrower’s trades:

a. Carrying offers

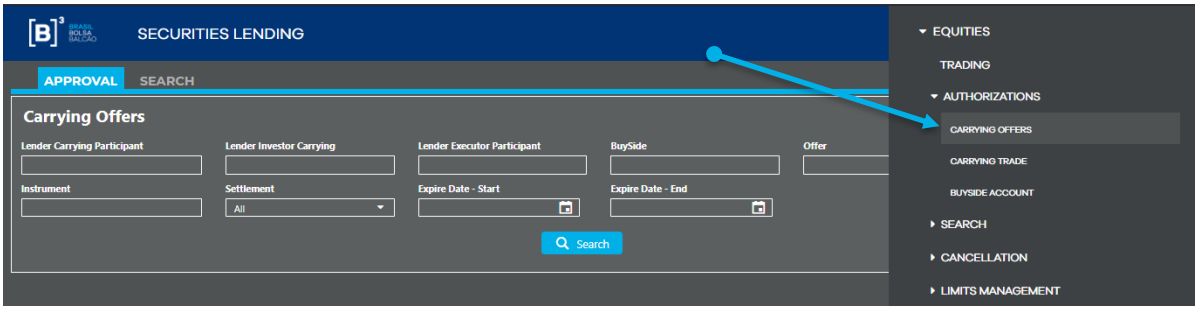
b. Carrying trades

c. Offers Search - Executor Participant/Buyside

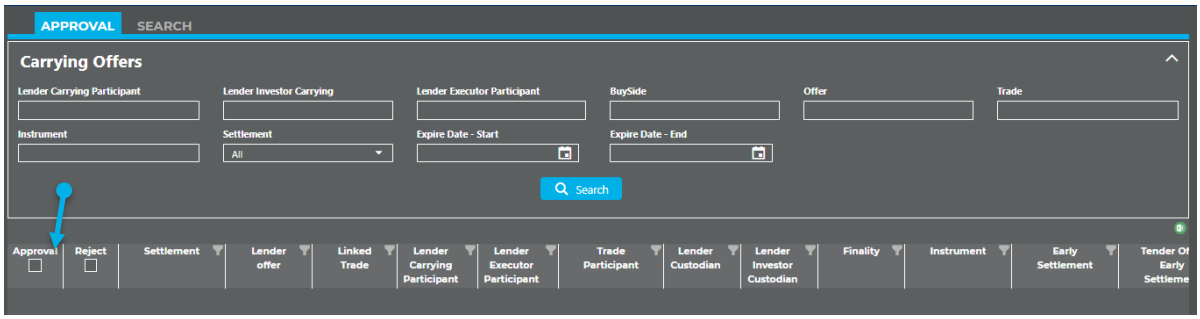
d. Trades Search - Participant/Buyside

a. Carrying offers

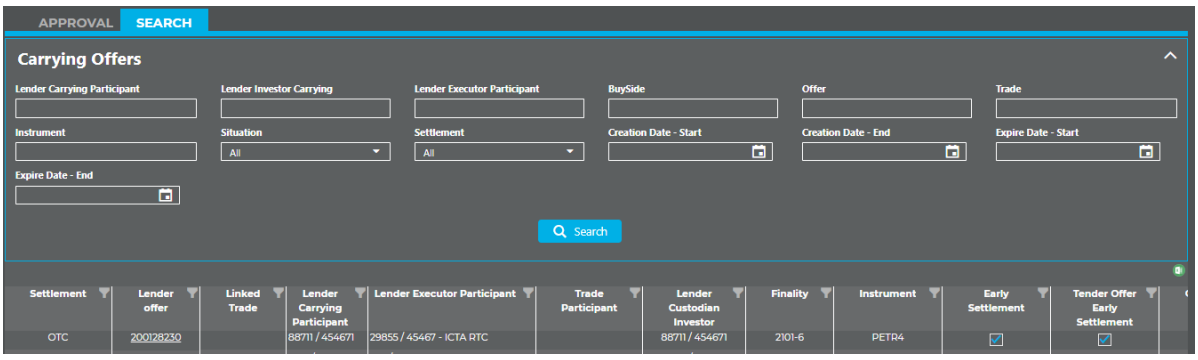
To carry out authorizations, the participant must click on the Authorizations menu, then on “Carrying Offers”.



The carrying participant may authorize or reject the offers forwarded for their authorization. For this, users must click on the authorize or reject button.

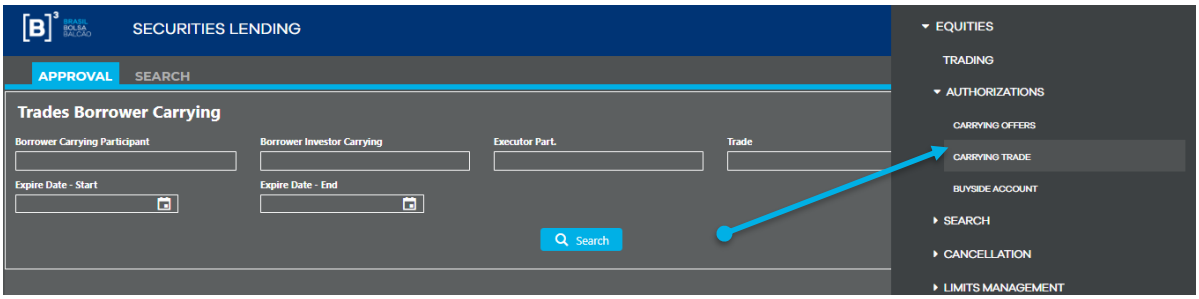


The system allows users to Search the authorizations and rejections carried out in the system. For this, they must click on the "Search" tab next to the "Authorize" tab.

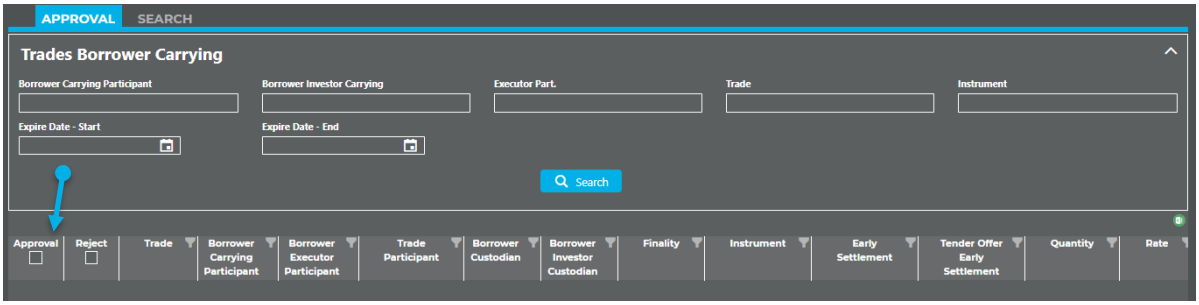


b. Carrying trades

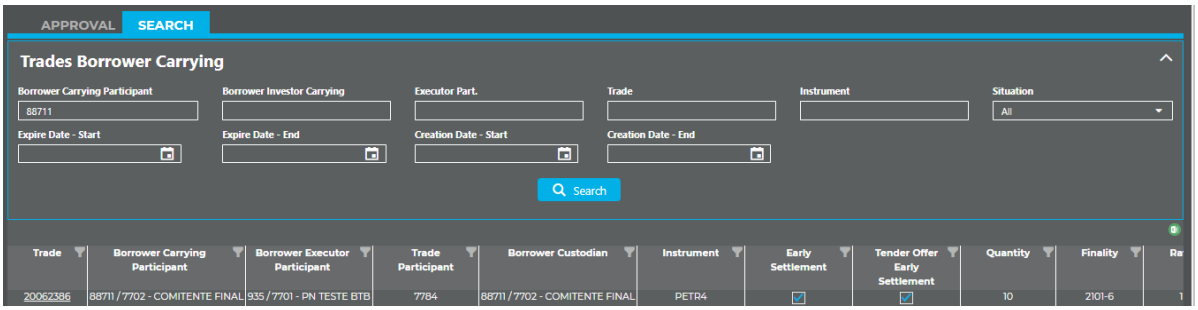
To carry out pre-contract authorization as a carrying borrower participant in the registration type modality, the participant must click on the Authorizations menu, then “Carrying Trades”.



The carrying participant may authorize or reject the pre-contracts forwarded for their authorization. For this, users must select the authorize or reject button.



The system allows users to Search the authorizations and rejections carried out in the system. For this, they must click on the "Search" tab next to the "Authorize" tab.



c. **Offers Search – Executor Participant/Buyside:** Allows search of all offers entered in the system by the Sellside and Buyside in which the participant in question acts as a carrying lender or borrower.

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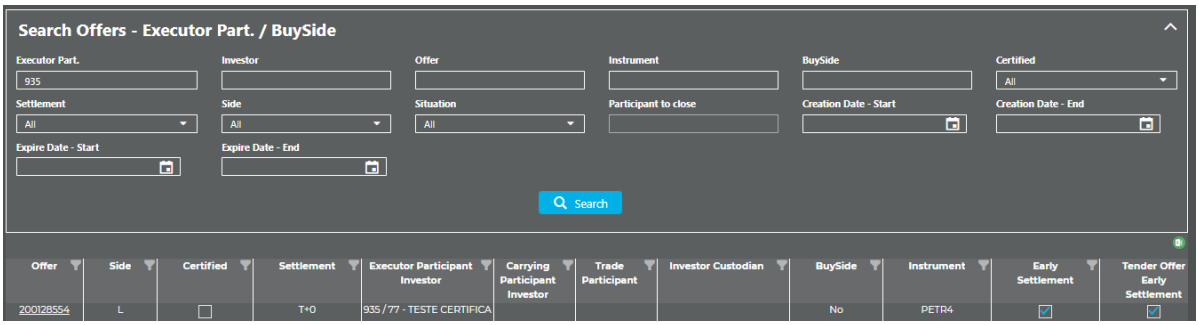
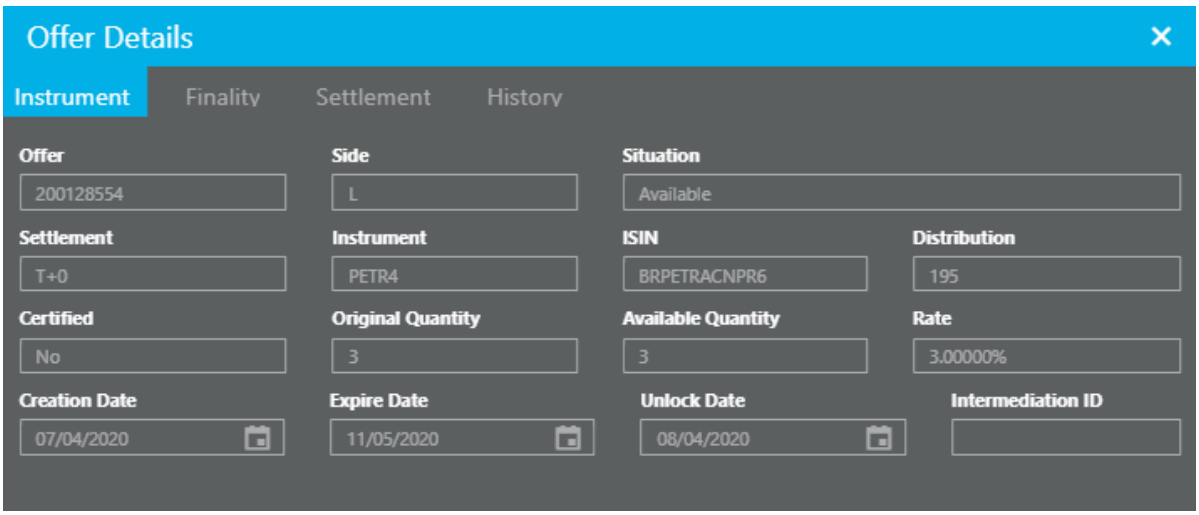
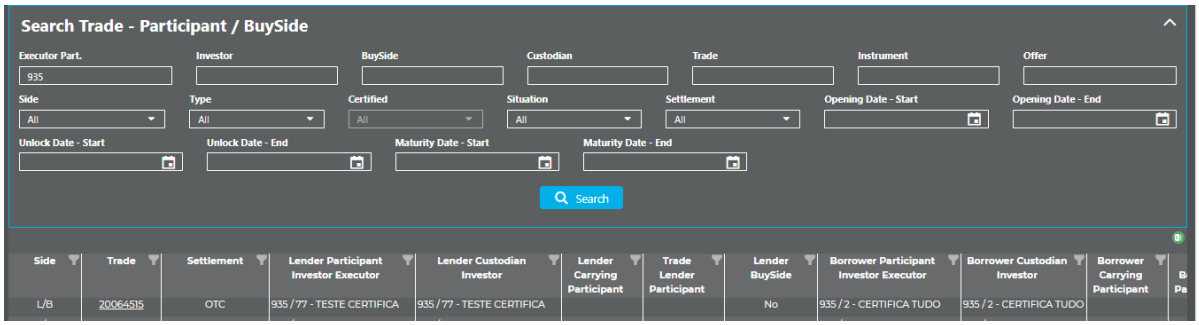


Depending on the criteria entered in the filter, the system returns the offers in which the participant acts as a carrying participant and the result can be exported to Excel. In addition, if users wish to view all the characteristics of a given offer, they can click on the offer number:



d. Trades Search - Participant/Buyside: Allows search of all trades in which the participant in question acts as a carrying lender or borrower.



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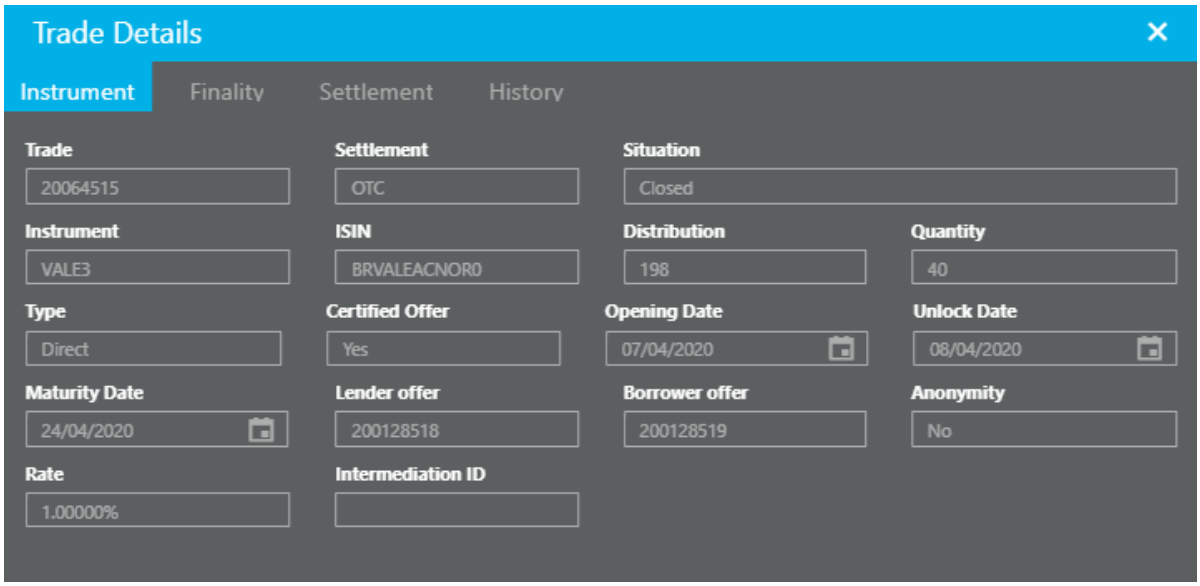
Depending on the criteria entered in the filter, the system returns the trades in which the participant acts as a carrying participant and the result can be exported to Excel. In addition, if users wish to view all the characteristics of a given trade, they can click on the trade number:



The functionalities available for custodians will be demonstrated below.

5. CUSTODIAN ACCESS

To carry out authorizations and Search offers/trades in the system, custodian will have three menus in the securities lending system:

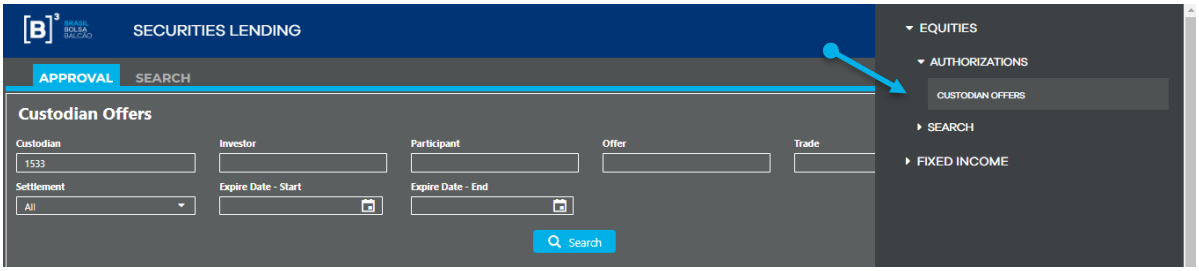
a. Custodian offers authorization

b. Custodian offers search

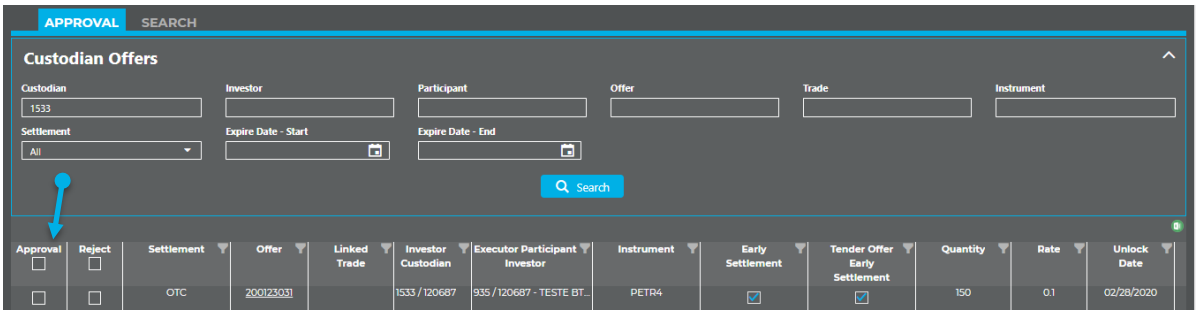
c. Custodian trades search

a. Custodian offers authorization

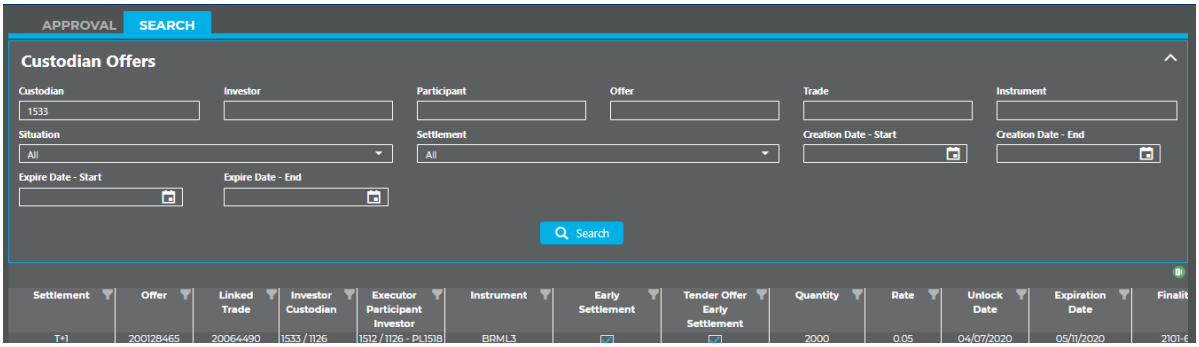
For certified lend offers, the lender custodian may authorize or reject a custodian indication made. Access will be done through the path Authorizations > Custodian Offers.



Then users must click on the “Authorize” or “Reject” button.

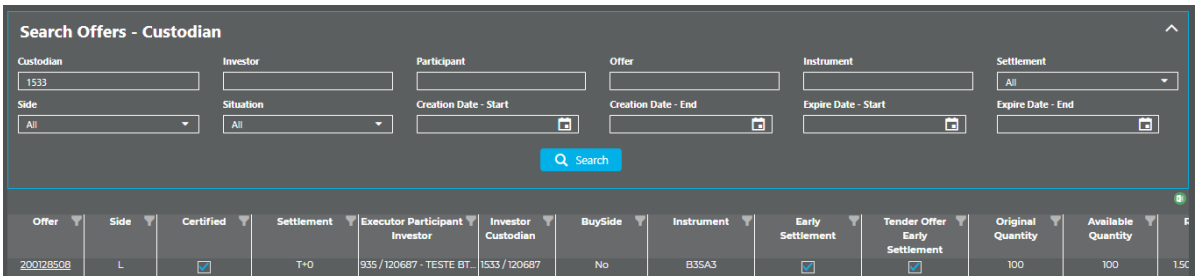


The system allows users to Search the authorizations and rejections carried out in the system. For this, they must click on the "Search" tab next to the "Authorize" tab.

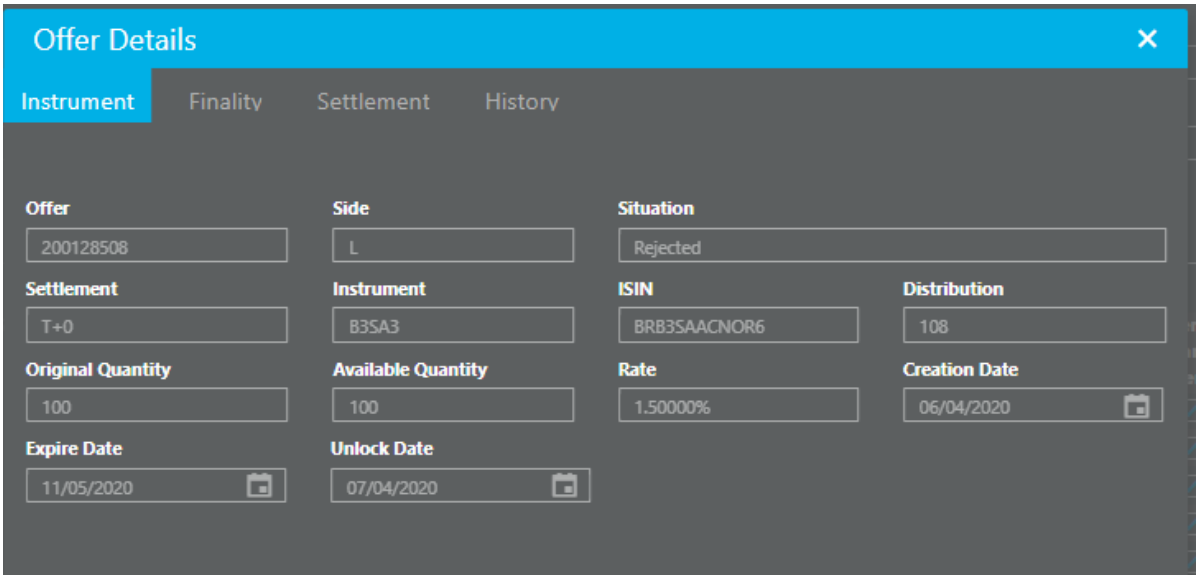


b. Custodian offers search: Allows search of all offers with custodian indication.

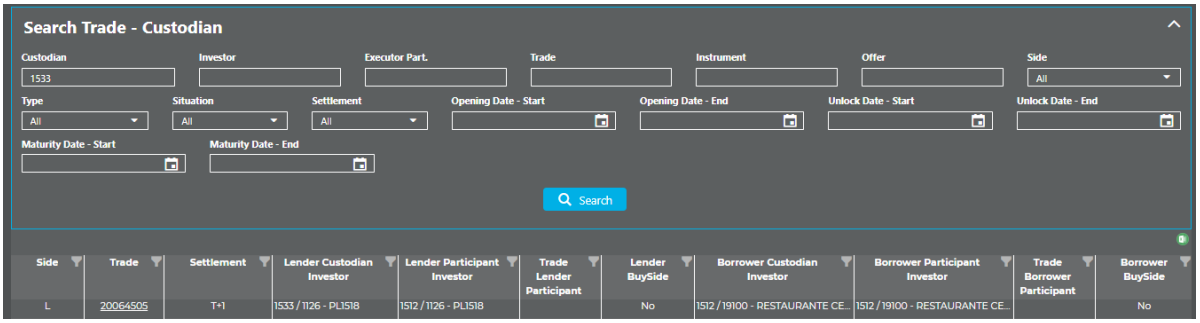
INFORMAÇÃO PÚBLICA – PUBLIC INFORMATION



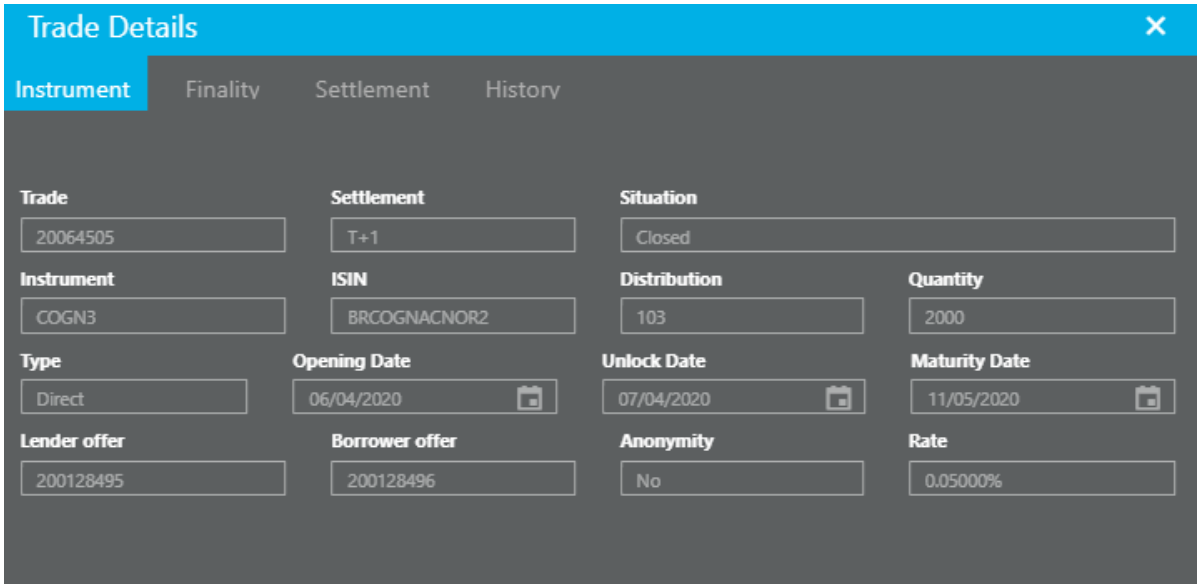
Depending on the criteria entered in the filter, the system returns the offers with custodian indication and the result can be exported to Excel. In addition, if users wish to view all the characteristics of a given offer, they can click on the offer number:



c. **Custodian trades search:** Allows search of all trades carried out by the Sellside or by the Buyside who uses the Sellside in question.



Depending on the criteria entered in the filter, the system returns the trades with custodian indication and the result can be exported to Excel. In addition, if users wish to view all the characteristics of a given trade, they can click on the trade number:



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