Cross-Border Listings Guide - Sao Paulo–B3 (formerly BM&FBovespa)

Specific situations

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# Specific situations

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The CVM made available a "fast-track" alternative for already listed companies to approve the registration of new public offerings for securities in a considerably shorter approval period.

Public offers must follow one of two procedures, pursuant to CVM Resolution 160/22: (i) the automatic procedure; or (ii) the ordinary procedure. In both cases the offers are registered with the CVM, but differing depending on the security offered, target audience (investors) and type of issuer.

In the automatic procedure, there is no requirement for prior analysis by the CVM, with registration becoming effective immediately and, therefore, faster. In the ordinary procedure, there is a requirement for prior analysis by the CVM for registration, which is mandatory in the case of offers to the general public that have not been subjected to the automatic procedure, observing the requirements of the CVM Resolution 160/22. Only the following offerings are able to take advantage of the automatic registration procedure:

Initial distribution of shares, subscription bonuses, debentures convertible or exchangeable into shares and certificates of deposit on these securities where the registration application has been previously analyzed by a recognized self-regulatory agency.

Follow-on offerings of shares, subscription bonuses, certificates of deposit of securities under the BDR Level III (sponsored) program backed by shares, debentures convertible or exchangeable into shares and certificates of deposit on these securities.

Follow-on offerings of shares, subscription bonuses, debentures convertible or exchangeable into shares and certificates of deposit on these securities from large, frequent, equity issuers (EGEM).

Follow-on offerings of securities deposit certificates within the scope of BDR Levels I (sponsored) and II backed by shares.

Distribution of non-convertible or non-exchangeable debentures into shares, or other types of securities representing debt, from a frequent issuer of fixed income securities (EFRF).

Distribution of non-convertible or non-exchangeable debentures into shares, or other types of securities representing debt from an issuer registered in Categories A or B, as applicable.

Distribution of securities deposit certificates within the scope of the BDR Levels I (sponsored), II or III programs, backed by securities representing debt, offered only to professional investors.

Initial distribution of non-exclusive closed-end investment fund quotas.

Follow-on offerings of closed-end investment fund quotas offered to the public investor in general, except in cases of changes in the fund's investment policy or expansion of the public investor since the last registered public offer for the distribution of quotas.

Follow-on offerings of non-exclusive closed-end investment fund quotas.

Distribution of securitization securities offered to professional investors with certain trading restrictions, or qualified investors with certain trading restrictions, or the general public if (a) the registration was previously submitted and approved by a recognized self-regulatory agency, or (b) the terms are identical to those of a previous offering to the general public. Or (c) the debtor of the underlying cashflow is a single large frequent issuer of equity or debt securities.

Distribution of non-convertible debentures intended to fund qualifying infrastructure or R&D projects offered exclusively to qualified investors.

Distribution of fixed income securities issued by an unregistered issuer offered only to professional investors.

Distribution of leftovers after a private capital increase if the volume is higher than 5% if the capital increase and lower than 1/3 of the total outstanding shares in the market.

Distribution of fixed income securities offered exclusively to creditors of an issuer in judicial recovery (the Brazilian equivalent of Chapter 11).

As a general rule, the securities distributed through the automatic procedure will only be allowed to be traded between professional or qualified investors, depending on the documents disclosed by the issuer and subject to certain requirements, depending on the type of security offered.

With respect to the listing of smaller domestic companies or foreign companies under a Level III BDR program, the CVM may grant certain waivers concerning the registration of public offerings of securities, based on the terms of the offer. These waivers may range from the dismissal of registration requirements to the reduction of deadlines and publication requirements, and their applicability will be determined by the CVM on a case-by-case basis.

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