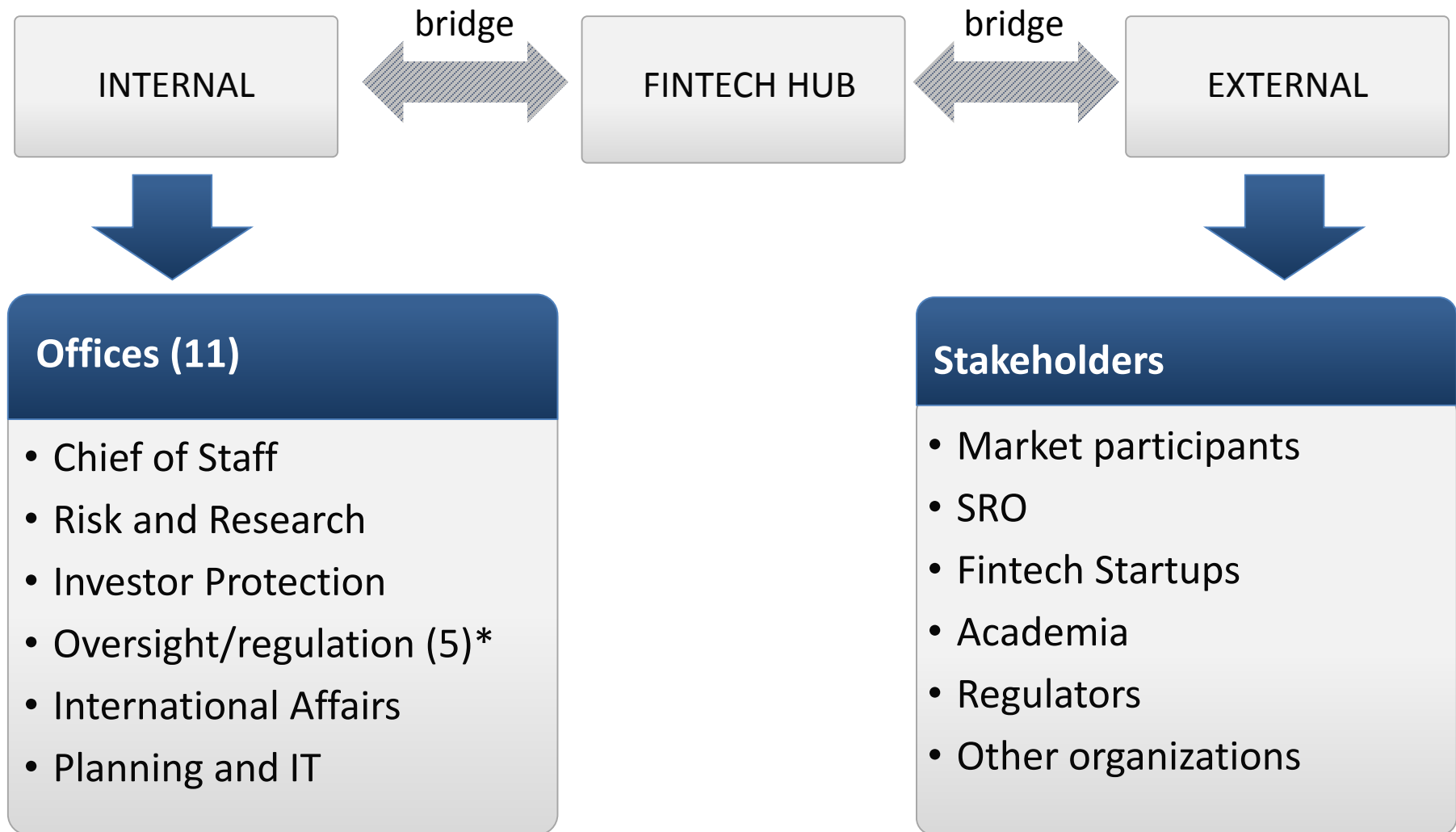


# Supporting the Development of FINTECH and Financial Innovation in Brazil.

**CVM - BRAZIL**

José Alexandre C. Vasco  
Investor Protection and Assistance Office  
Securities and Exchange Commission of Brazil





\* 5 Offices: Market Regulation; On-Site Inspections; Institutional Investors; Market Surveillance; and Securities Registration.

Data collection period: from August to October 2016 (publication: June 2017)

Sources: fintech firms (e-mail and website link)

### **Survey Highlights:**

- 94 respondents, 80 fintech firms;
- 75% from São Paulo e Rio de Janeiro (Brazilian financial centres);
- 70% staff < 11 employees (including founders);
- For 67%, personal funds were the primary means of startup, including launch with funding founder and family; and only 10% funded by financial system;
- 57% need funding;
- Areas: Crowdfunding, Digital Securities, Automated Advice, Distributed Ledger Technology, Algorithmic Trading, High-Frequency Trading and Financial Education;
- Suggestions to improve regulation or processes.

### INVESTMENT-BASED CROWDFUNDING (NEW RULE issued in July 2017)

#### Objectives:

- Facilitate SME capital formation, cutting red tape/costs for SME;
- Protect investors;
- Provide certainty to different participants (small firms, portals and investors);

#### Highlights :

- Automatic exemption registration of offering and issuer, and
- Registration and supervision of funding portals;
- Provide investors with educational materials.

#### Adoption of a twofold approach:

- Investor protection increased.
- New tools to engage the VOICE OF RETAIL INVESTORS in the regulatory process:
  - understand investors' preferences pertinent to the new regulation; and
  - bring the views and opinions of those affected by the proposed rule.

**Investor protection rules:****A) Investment limits for individual Investors of the course of the year:**

- Permission to invest (in the aggregate across crowdfunding offerings) up to R\$ 10,000 (or US\$ 3,000);
- If annual income or financial investments > R\$ 100 thousand: upper limit is R\$ 10,000 or 10% of the greater of: investor's annual income or financial investments.

**B) Limits on capital raised:**

- Issuers permitted to raise a maximum aggregate amount of R\$ 5 mi (US\$ 1,6 mi).

## **Investor protection rules:**

### **C) Funding portal:**

- Written procedures must be implemented so as to achieve compliance with CVM rules
- Records must be created and maintained for 5 yrs.
- Needs to handle investor`s complaints
- Educational materials for investors will be developed.
- Annual Report must be published.
- Escrow accounts must be set.

### **D) Issuers:**

- Disclosure requirements on the firm, business plan, securities offered, pos-offering information, conflicts of interest, risks etc.

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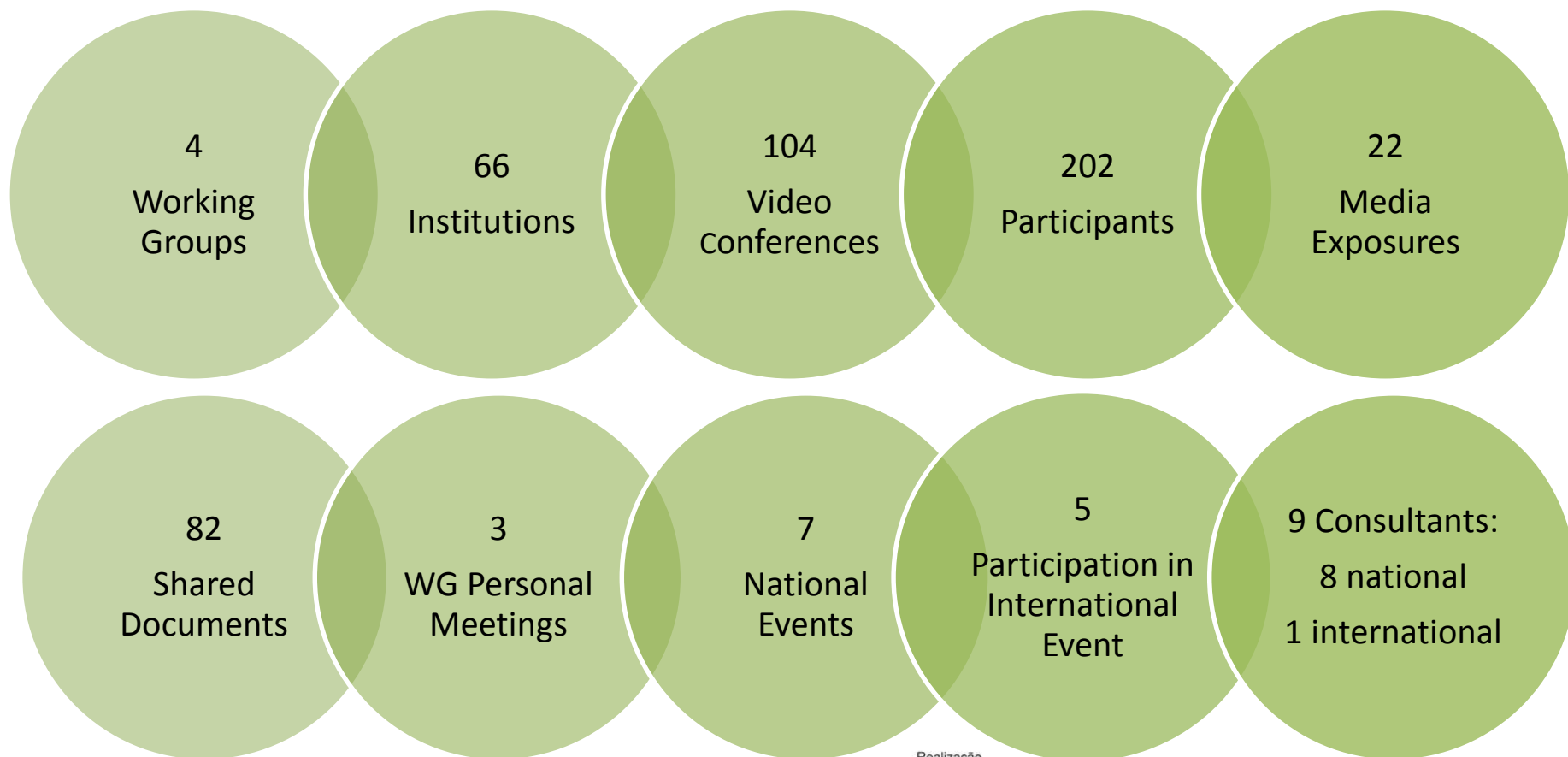
# WHAT IS THE LAB?

- **ABDE, BID and CVM initiative launched in August of 2017;**
- **Goal:** Create innovative financial mechanisms to boost sustainable development
- **Relevance of the initiative**
- Promote investment and economic growth;
- Promote partnerships between private and state owned companies;
- Stimulate regional development;
- Stimulate capital market through green market
- Implement innovative mechanisms to promote sustainable development through convergence of public and **private interest.**

Realização



## LAB IN NUMBERS (IN 9 MONTHS):

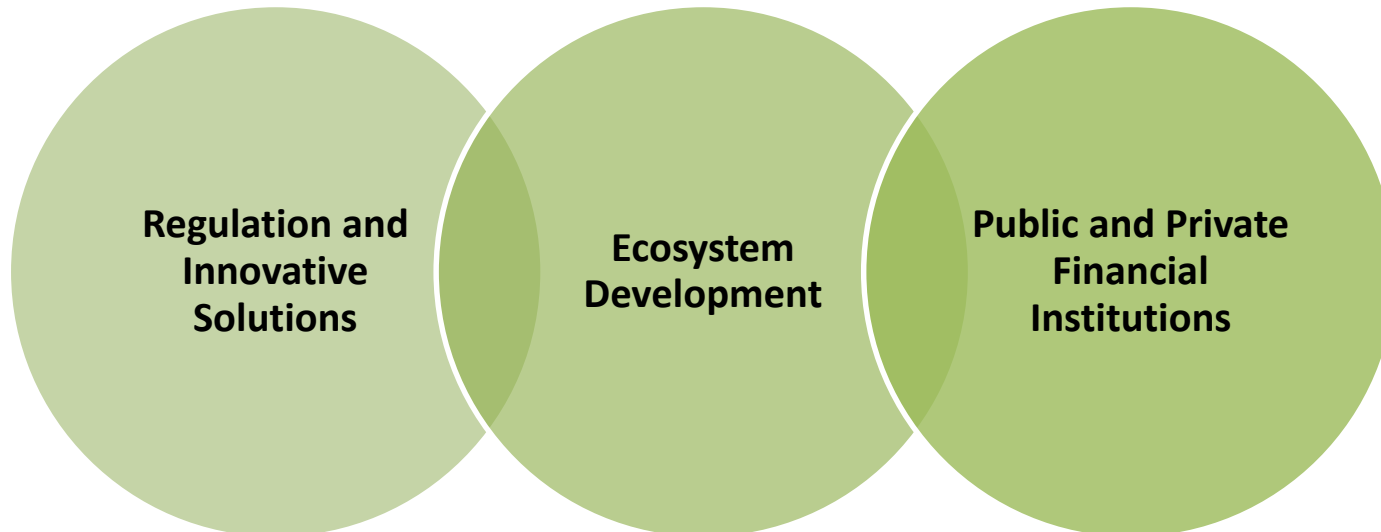


Realização

# Fintechs - Institutions



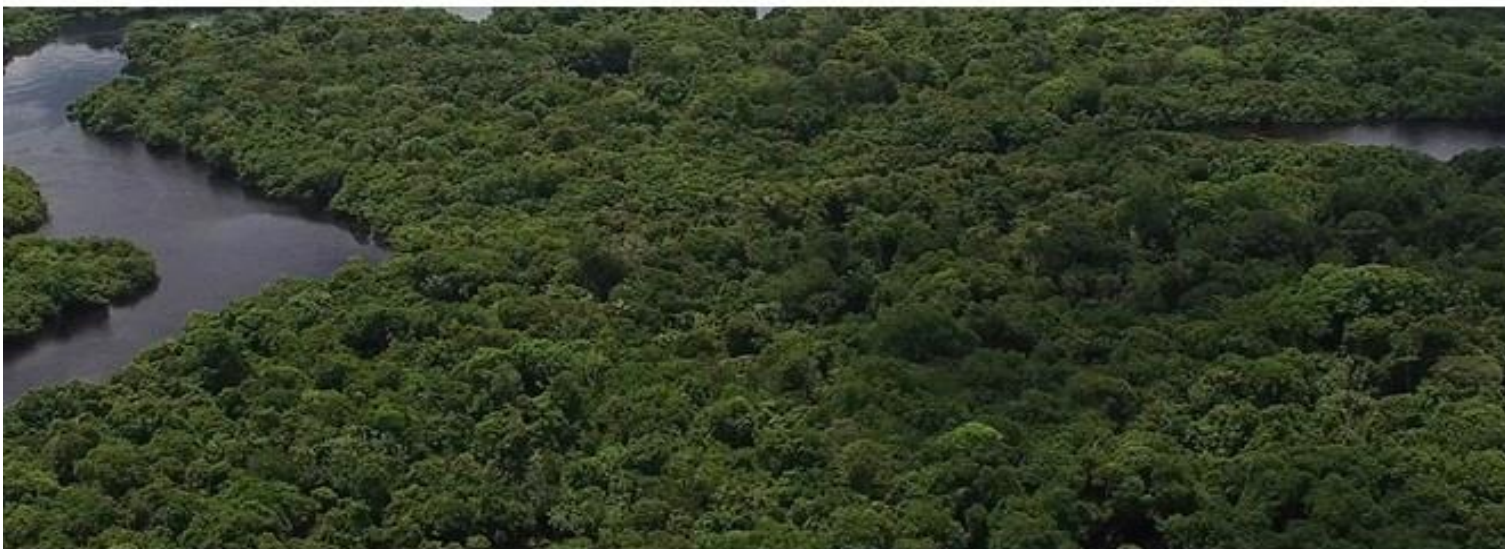
# Fintechs - Subgroups



Realização

# LAB products

- Site: [www.labinovacaofinanceira.com](http://www.labinovacaofinanceira.com)



Uma iniciativa de

*Obrigado!*

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CVM:

- Website: [www.cvm.gov.br](http://www.cvm.gov.br)
- Investor`s Portal: [www.investidor.gov.br](http://www.investidor.gov.br)
- Blog: [pensologoinvisto.cvm.gov.br](http://pensologoinvisto.cvm.gov.br)
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  - Instagram: [www.instagram.com/cvmeducacional](http://www.instagram.com/cvmeducacional)

Brazilian National Strategy for FE (ENEF):

- ENEF (Life&Money) website: [www.vidaedinheiro.gov.br](http://www.vidaedinheiro.gov.br)