



SECURITIES AND EXCHANGE COMMISSION OF BRAZIL

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CVM RESOLUTION No. 32, OF MAY 19, 2021

CVM RESOLUTION NO. 32, OF 19 MAY 2021

Provides for the provision of securities custody services and revokes CVM Instruction No. 542, of December 20, 2013.

THE **PRESIDENT OF THE BRAZILIAN SECURITIES AND EXCHANGE COMMISSION (CVM)** makes it public that the Board, in a meeting held on May 18, 2021, in view of the provisions of articles 1, item VI; 8, item I; and 24 of Law No. 6,385, of December 7, 1976, and articles 41 and 293 of Law No. 6,404, of December 15, 1976, as well as articles 5 and 14 of Decree No. 10,139, of November 28, 2019, **APPROVED** the following Resolution:

CHAPTER I – SCOPE AND PURPOSE

Art. 1. This Resolution provides for the provision of securities custody services.

Sole paragraph. This Resolution:

I – does not apply to positions held in derivatives markets; and

II – applies to financial letters and other instruments that, in the event of public distribution, are subject to the competence of CVM.

CHAPTER II – CUSTODY SERVICES FOR SECURITIES

Art. 2. The custody service for securities must be provided by legal entities authorized by the CVM under the terms of this Resolution.

Paragraph 1. Securities custody services can be provided:

I – for investors, when the custodian is hired to keep custody of the securities held by them, pursuant to item I of Paragraph 2; and

II – for non-book-entry securities issuers, pursuant to item II of Paragraph 2.

Paragraph 2. The provision of custody services for securities comprises:

I – in the case of provision of services to investors:

a) the conservation, control, and reconciliation of securities positions in custody accounts held on behalf of the investor;



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CVM RESOLUTION No. 32, OF MAY 19, 2021

b) the handling of transaction instructions received from investors or persons authorized by contract or mandate; and

c) the handling of events incident on the securities in custody; and

II – in the case of provision of services to issuers:

a) custody of non-book-entry securities; and

b) the performance of the procedures and records necessary for the implementation and application to the securities of the Central Securities Depository (CSD) regime.

Paragraph 3. For the purposes of item II of Paragraph 1, other institutions that, as holders or creditors of the securities, are responsible for their distribution to the market are equivalent to the issuer.

Art. 3. The custodian that provides services to investors may maintain links with central depositories for the maintenance of investors' assets in centralized deposit accounts, in accordance with the regulation that provides for the provision of CSD services.

Sole paragraph. In the case of the head provision, the positions held in the custody accounts referred to in subitem “a” of item I, of paragraph 2 of article 2 must correspond, for securities subject to centralized deposit, to those held by the CSD.

CHAPTER III – AUTHORIZATION FOR THE PROVISION OF CUSTODY SERVICES FOR SECURITIES

Section I – Registration Requirements

Art. 4. They following may require authorization to provide custody services for securities: commercial, multiple, or investment banks, savings banks, bond and securities distributors or brokerage companies, and entities providing clearing and settlement services and CSD services.

Art. 5. Those interested in obtaining the authorization referred to in article 4 must:

I – establish and maintain operational and technological capacity for the performance of their activities, with a view to the satisfactory provision of securities custody services, in particular, with regard to ensuring the quality and confidentiality of information; and

II – establish and maintain safe and adequate electronic processes and systems for the exercise of their activities, in order to allow the registration, processing, and control of custody positions and accounts.



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CVM RESOLUTION No. 32, OF MAY 19, 2021

Paragraph 1. The processes and systems referred to in this article must be compatible with the size, characteristics, and volume of operations for which the applicant is responsible, as well as with the nature and type of securities held in custody.

Paragraph 2. The applicant must demonstrate economic and financial capacity compatible with the operations to be carried out.

Paragraph 3. In the event that the applicant requests authorization to provide custody services for non-book-entry securities, they must maintain a structure for the custody, with restricted access, and security mechanisms that guarantee the integrity of the securities.

Section II – Authorization Request

Art. 6. The request for authorization to act as a custodian must be sent to the Office of Market Surveillance (SMI), by submitting an application with the documents described in Annex A.

Sole paragraph. SMI may request additional elements and information from the applicant.

Art. 7. Authorization must be automatically granted if the request is not denied by SMI within ninety (90) days from its submission, upon protocoling.

Paragraph 1. The period referred to in the head provision may be interrupted only once, in the event that SMI requests additional documents and information from the applicant regarding the authorization request, with a new period of ninety (90) days starting to count from the fulfillment of the requirements.

Paragraph 2. To meet the requirements referred to in Paragraph 1, a period not exceeding sixty (60) days must be granted.

Section III - Denial of the Authorization Request

Art. 8. The authorization request for the provision of securities custody services must be denied if:

I – it is not sent with the documents necessary for its assessment, or if, within the period established in Paragraph 2 of article 7, the documents and additional information requested by SMI are not provided;

II – false information is identified in the documents presented;

III – inaccurate information is identified in the documents presented, which, due to their length or content, are relevant for the evaluation of the authorization request;

IV – the applicant does not demonstrate the financial capacity or technical and operational conditions necessary to carry out the activity; or



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CVM RESOLUTION No. 32, OF MAY 19, 2021

V – the applicant fails to meet any other requirement or condition set forth in this Resolution.

Section IV – Cancellation of Authorization

Art. 9. The authorization granted may be canceled:

I – at the request of the custodian;

II – by decision of SMI, after an administrative process in which the adversarial proceeding and full defense are ensured, in the following cases:

a) when it is found that the authorization for the provision of the securities custody service was obtained through false statements or other illegal means; or

b) when it becomes evident that the custodian does not meet the requirements and conditions established in this Resolution; and

III – when there is adjudication of bankruptcy, judicial or extrajudicial liquidation, or dissolution of the custodian.

Paragraph 1. In the event provided for in item I of the head provision, the custodian must provide SMI with evidence that it has returned to investors or transferred, by direct guidance or in the manner of the respective contract, to another custodian all the securities it held in its custody.

Paragraph 2. In the event of cancellation of authorization referred to in items II and III of the head provision, the custodian must immediately transfer to the investor, or to the person indicated by the investor, the securities, data, and documents related to the services provided until the cancellation.

Paragraph 3. In any of the cases referred to in items I to III of the head provision, the custodian must, when applicable, immediately inform the occurrence of the cancellation to the CSDs that provide a centralized deposit service for securities under custody.

CHAPTER IV – PROVISION OF SECURITIES CUSTODY SERVICES

Art. 10. The provision of securities custody services must be the subject of a specific contract, executed between the investor or issuer, as appropriate, and the custodian, which must provide for, at least:

I – in the case of provision of services to investors, the procedure for transmitting orders between the investor and the custodian, for the purposes of authorizations and statements referred to in this Resolution;



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CVM RESOLUTION No. 32, OF MAY 19, 2021

II – the custody procedure for non-book-entry securities, when applicable;

III – the possibility of contracting third parties; and

IV – the description of the risks inherent in securities custody services.

Sole paragraph. The contract executed with investors may cover the provision of asset controllership services and others that involve the consolidation of investors' positions, including in other assets, and the provision of related services.

Art. 11. The obligations arising from the provision of securities custody services last as long as the contract for the provision of custody services is in force.

Paragraph 1. The custodian must transfer the securities, as well as any rights and encumbrances attributed to it, to the custodian indicated by the investor, observing the nature of each asset, its type of holding and transfer, and the procedures established by the central depository, where applicable.

Paragraph 2. The transfer of securities to another custodian must follow reasonable procedures, taking into account the needs of investors and the safety of the process, and it must be carried out within a maximum of two (2) business days from the receipt, by the custodian, of the valid request made by the investor.

Paragraph 3. The custodian must:

I – disclose, on its webpage, the documents necessary to carry out the transfer referred to in Paragraph 2; and

II – inform the client, within the period provided for in Paragraph 2, of the non-compliance of the documentation delivered for the purpose of carrying out the transfer.

CHAPTER V – RULES OF CONDUCT

Art. 12. Securities held by investors must be held in individual custody accounts in their name, segregated from other accounts and positions held by the custodian.

Art. 13. The custodian must:

I – carry out its activities with good faith, diligence, and loyalty in relation to the interests of investors, being forbidden to privilege its own interests or those of persons linked to it;



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CVM RESOLUTION No. 32, OF MAY 19, 2021

II – take all necessary measures to identify the ownership of the securities, to guarantee their integrity, and to ensure certainty as to the origin of the instructions received;

III – ensure the good custody and regular transaction of securities held in custody, in accordance with the instructions received, and the proper processing of events related to them, through the implementation of execution systems and electronic and documentary control;

IV – promote the acts necessary for the registration of encumbrances or rights over securities held in custody, taking all necessary measures for their proper formalization;

V – permanently ensure the quality of its electronic processes and systems, measuring and keeping records of accesses, errors, incidents, and interruptions in its operations;

VI – ensure the security of its equipment and facilities, with the establishment of data and information security standards that protect them from access by unauthorized personnel;

VII – have sufficient human resources technically capable of carrying out the processes and operating the systems involved in the provision of securities custody services;

VIII – keep up-to-date operational manuals, the general description of the systems to be adopted in the provision of services, the routine flowchart, the program documentation, the quality controls, and the physical and logical security regulations; and

IX – implement and maintain an updated contingency plan that ensures business continuity and service provision.

Paragraph 1. The custodian that provides services to investors must, in addition to the provisions of the **head provision**:

I – carry out daily reconciliation between the positions held in the custody accounts and those provided by the CSD, ensuring that the securities held in custody and the rights arising from these securities are registered in the investor's name with the CSD, when applicable; and

II – maintain secrecy as to the characteristics and quantities of securities held by investors.

Paragraph 2. The custodian that provides services to issuers, in addition to the provisions of the **head provision**, must:

I – verify compliance with the formal requirements and creation of securities;



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CVM RESOLUTION No. 32, OF MAY 19, 2021

II – verify compliance with the transfer mechanisms of each security, according to its nature and in accordance with the CSD rulebook, for the establishment of the centralized deposit;

III – perform the acts within its jurisdiction for the movement of deposit and withdrawal of securities in the centralized deposit service, in accordance with the regulations of the CSD;

IV – be responsible for the custody of the instruments and documents that represent the securities object of centralized deposit;

V – refrain from performing or giving effect to any act of disposition involving the securities object of centralized deposit outside the environment of the CSD, except if instructed by the CSD itself;

VI – transfer to the CSD the information and resources related to the events incident on the securities submitted to the centralized deposit service that fall within its jurisdiction;

VII – identify the holder of the security at the time of submission to the centralized depository and, subsequently, in cases where necessary, based on information provided by the CSDs;

VIII – adopt the settlement procedures established by the CSD; and

IX – hold inventoried records of the non-book-entry securities held under the custodian's custody, which must include the following information:

- a) nature, type, and class of the security;
- b) record of deposit and withdrawal movements; and
- c) registration of information transfers and payments and receipts of financial resources related to events incident on securities.

CHAPTER VI – PROVISION OF INFORMATION

Art. 14. The custodian that provides services to investors must make available or send, as appropriate, information to investors that allows the identification and verification of events that have occurred with the securities, containing, at least, the consolidated position of the securities, their movement, and the events that affect the investor's position.

Paragraph 1. The information provided for in the head provision must be made available or sent, as appropriate, by the tenth (10th) day of the month following the end of the month in which the movement occurs.



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CVM RESOLUTION No. 32, OF MAY 19, 2021

Paragraph 2. The information provided for in the head provision may be made available or sent in one of the following ways, according to the criteria established by the CVM under the terms of the Resolution that provides for the provision of CSD services:

- I – consultation of an electronic system with restricted access to the world wide web;
- II – sending to the investor's electronic address included in the system referred to in article 13, with recognized safety standards; or
- III – sending to the investor's postal address included in the system referred to in article 13.

Paragraph 3. By the end of February of each year, the information provided for in the head provision for the previous year must be made available or sent to the investor.

Paragraph 4. In cases where the custodian provides other related services, pursuant to the sole paragraph of article 10, information provided to investors may include information about positions held by investors in other financial assets or derivatives markets.

Art. 15. The custodian must carry out and maintain the registration of investors with the minimum content determined in the applicable regulation.

Paragraph 1. The registration of investors may be carried out and maintained in an electronic system.

Paragraph 2. The electronic customer record maintenance system referred to in Paragraph 1 must:

- I – provide the custodian with immediate access to registration data; and
- II – use technology capable of fully complying with the provisions of this Resolution and the specific rules regarding customer registration.

Paragraph 3. The investor registration maintained by the custodian must allow identification of the date and content of all changes and updates made.

Paragraph 4. The custodian must keep the registration of investors up-to-date with the centralized information system maintained by the CSD, when applicable, under the terms and standards established by the CSD.



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CVM RESOLUTION No. 32, OF MAY 19, 2021

CHAPTER VII – RULES, PROCEDURES, AND INTERNAL CONTROLS

Section I – General Rules

Art. 16. The custodian must adopt and implement:

I – adequate and effective rules for compliance with the provisions of this Resolution; and

II – internal procedures and controls in order to verify the implementation, application, and effectiveness of the rules mentioned in item I.

Paragraph 1. The internal rules, procedures, and controls addressed in this article must:

I – be written;

II – be verifiable; and

III – be available for consultation by the CVM, the CSD with which the custodian maintains a link pursuant to article 3, the trading venues in which the custodian is a participant, and the respective self-regulation departments, where applicable.

Paragraph 2. Non-compliance with the provisions of items I and II of the head provision are considered as not only the absence or insufficiency of the rules, procedures, and controls referred to therein, but also their non-implementation or inadequate implementation for the purposes set forth in this Resolution.

Paragraph 3. The following are evidence of inadequate implementation of internal rules, procedures, and controls:

I – the repeated occurrence of failures; and

II – the absence of registration of the application of the methodology, in a consistent and verifiable manner.

Section II - Supervising Officer

Art. 17. The custodian must appoint:

I – a statutory officer responsible for complying with the rules established by this Resolution; and

II – a statutory officer responsible for supervising the internal procedures and controls provided for in item II of the head provision of article 16.



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CVM RESOLUTION No. 32, OF MAY 19, 2021

Paragraph 1. The appointment or replacement of the statutory officers referred to in items I and II must be informed to the CVM, the CSDs, and the trading venues in which the custodian is a participant, where applicable, within a period of seven (7) business days.

Paragraph 2. The positions referred to in items I and II of the head provision cannot be cumulated by the same statutory officer and cannot be performed together with positions that may, in some way, be considered conflicting with them, and it is possible to indicate, for such purposes, the same officers appointed for the same purposes as a result of the Resolution that establishes rules and procedures to be observed in transactions carried out with securities in regulated securities markets.

Paragraph 3. The officers referred to in items I and II must act with probity, good faith, and professional ethics, employing, in the exercise of their duties, the care and diligence expected of a professional in their position.

Art. 18. The officer referred to in item II of the head provision of article 17 must, by the last business day of April, forward a report for the previous year to the custodian's management body, containing:

I – the conclusions of internal audit reports;

II – their recommendations regarding eventual deficiencies, with the establishment of remedial schedules, when applicable; and

III – their statement regarding the deficiencies found in previous verifications and the measures planned, according to a specific schedule, or actually adopted to remedy them.

Sole paragraph. The report referred to in item I must be available to the CVM and to the central depositories with which the custodian maintains a link, where applicable, at the custodian's headquarters.

Section III – Hiring of Third Parties

Art. 19. The custodian may hire third parties:

I – to perform the activities regulated by this Resolution; and

II – to perform instrumental or accessory tasks in relation to the activities regulated by this Resolution, such as the custody of non-book-entry securities.

Paragraph 1. Only custodians authorized by the CVM, pursuant to article 6 of this Resolution, may be the object of the hiring referred to in item I of the **head provision**.



SECURITIES AND EXCHANGE COMMISSION OF BRAZIL

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CVM RESOLUTION No. 32, OF MAY 19, 2021

Paragraph 2. The contracting of third parties, in the manner of the head provision, does not change the responsibilities of the custodian, who remains responsible for fulfilling the obligations assumed before third parties and the provisions of this Resolution and the rules established by the CSD, if any.

Paragraph 3. The contracts signed for the purposes of item I of the head provision must contain a clause that stipulates the joint liability between the contracting custodian and the contracted third parties for any damage caused to the members due to conduct contrary to the law, the regulation, and the normative acts issued by the CVM.

Paragraph 4. The custodian must adopt adequate internal rules, procedures, and controls to ensure security and mitigate conflicts of interest in the event of contracting third parties and, as appropriate, to allow the custodian's effective control over the movement of the non-book-entry securities that are the object of custody.

Section IV – Audit

Art. 20. The custodian must maintain an internal audit structure.

Paragraph 1. The reports produced by the internal audit must be kept up to date and available to the CVM.

Paragraph 2. The CVM may determine the conduction of specific extraordinary auditing procedures, if there is evidence that the processes and systems used are not meeting, or may not meet, their purposes.

CHAPTER VIII – INFRACTIONS AND PENALTIES

Art. 21. It is considered a serious violation, for the purposes of the provisions of Paragraph 3 of article 11 of Law No. 6,385, of December 7, 1976, the performance of activities regulated by this Resolution by an unauthorized person or by a person authorized based on a false statement or documents, as well as the violation of the rules present in articles 2, 3, and 10 to 17 of this Resolution.

CHAPTER IX – FINAL PROVISIONS

Art. 22. The custodian must maintain, for a minimum period of five (5) years, or for a longer period as expressly determined by the CVM, all documents and information required by this Resolution.

Paragraph 1. Digitally scanned images are allowed to replace the original documents, provided that the process is carried out in accordance with the law that provides for the preparation and archiving of



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www.cvm.gov.br

CVM RESOLUTION No. 32, OF MAY 19, 2021

public and private documents in electromagnetic media, and with the decree that establishes the technique and requirements for digitizing these documents.

Paragraph 2. The original document can be discarded after being digitized, unless it presents material damage that impairs its readability.

Art. 23. CVM Instruction No. 542 of December 20, 2013 is hereby revoked.

Art. 24. This Resolution takes effect on June 1, 2021.

Electronically signed by
MARCELO BARBOSA
President



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www.cvm.gov.br

CVM RESOLUTION No. 32, OF MAY 19, 2021

ANNEX A TO CVM RESOLUTION NO. 32, OF 19 MAY 2021

Authorization Request for the Securities Custody Service

Art. 1. The authorization request for the provision of securities custody services must be accompanied by the following documents and information:

I – trade name, registration in the National Register of Legal Entities (CNPJ), full address of the headquarters, telephone numbers, the institution's e-mail address and webpage, and signature card of the legal representatives;

II – organizational documents and subsequent modifications, duly updated and covered by legal formalities;

III – document intended to demonstrate that the applicant has adequate organizational, technical, operational, and financial capacity to perform securities custody services, meeting, at least, the following requirements:

a) description of the main characteristics of the electronic processes and systems that must be used in the provision of services, with the specification of the operational routines intrinsic and extrinsic to the systems, as well as the relevant internal procedures and controls;

b) description of the structure of custody accounts;

c) summary description of safety standards on facilities, equipment, and data;

d) description of the human resources allocated to the activity, specifying the duties and positions necessary for their performance;

e) policies on segregation of duties, control of physical access and use of passwords, and employee training;

f) contingency planning to ensure business continuity and service provision, and file and database recovery systems; and

g) copies of the software assignment and development contracts executed between the applicant and the company that owns the system or is responsible for its development, in the event that the systems have not been developed by the applicant;

IV – functional organization chart of the area dedicated to the custody of securities specifying the roles and responsibilities of the persons who compose it and the regime of segregation of duties;



SECURITIES AND EXCHANGE COMMISSION OF BRAZIL

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CVM RESOLUTION No. 32, OF MAY 19, 2021

V – name and identification of the applicant's legal representatives;

VI – copy of the minutes of the meeting of the board of directors or the executive board that appointed the officers responsible for complying with the rules established in this Resolution and for supervising the internal procedures and controls of the securities custody services;

VII – list of companies in which the custodian holds equity, including companies indirectly controlled or affiliated; and

VIII – model of contract for the provision of securities custody services.