

Regional Focus: Brazil

In May, J.P. Morgan successfully executed and settled a securities lending transaction in the Brazilian market. In doing so, J.P. Morgan became the first non-domestic agent lender to complete a loan transaction in Brazil. Although the firm has been conducting business in Latin America for over 100 years, completing the transaction was no small task.

Brazil is a very attractive, but complex market that is extremely regulated, because all securities lending has to go through the Brazilian Clearing and Depositary Corporation (CBLC). The CBLC reviews underlying market risk from a portfolio level which works well for local players but is challenging for offshore borrowers. Because of the CBLC, offshore borrowers find it difficult to relate the Brazilian securities lending model back to the model with which U.S. and European beneficial owners and borrowers are familiar.

To work around the complex Brazilian domestic settlement system, J.P. Morgan expended both time and resources navigating the operational infrastructure that makes up Brazil's securities lending market. Thanks to J.P. Morgan's global presence and vast array of services, we were able to work with our counterparts in the Investment Bank to develop a strategy.

A large part of executing the transaction involved working with J.P. Morgan Corretora de Câmbio e Valores Mobiliários S.A. (CCVM), an industry leader in providing order execution capabilities to institutional investors in Brazil and abroad. CCVM provides access to J.P. Morgan's resources, tools and products so that clients can focus their time growing assets, attracting new clients and building their businesses. By working with CCVM we were able to imbed our own local broker into the process and coordinate market activity with them. Because we were no longer working with a third party broker, entering Brazil's market became considerably easier. In addition, much work was done with the CBLC to ensure that J.P. Morgan was complying with their standards in regard to securing a lending transaction in the Brazilian market.

Entrance into the Brazilian securities lending market is advantageous to clients globally as we are giving them

access to an even larger market. With a presence in Brazil for more than 50 years, J.P. Morgan provides clients with an integrated range of services that combines specialist knowledge with leadership positions across businesses. As Brazil is a complex market, J.P. Morgan has been involved in due diligence navigating this market for quite some time and we are very pleased to be working in such an exciting market. This development underscores our commitment to offering global access to our client base and to building upon our history as a leader in emerging markets.

To learn more about our business in Brazil, [click here](#).