



Strategic Planning

Building the 2023 CVM

Strategic Planning



CVM

Comissão de Valores Mobiliários
Securities and Exchange Commission of Brazil

**Creation and Text**

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Presentation

CONTEXT

With pleasure, we present in this document the conclusions of the work accomplished in 2013, which addresses the strategic goals the CVM seeks to achieve in the coming years.

The changes and developments in our society over the past five years have occurred very fast; by analyzing trends, it is highly likely they will continue to happen and impact the way various markets operate and their agents act. The global financial crisis in 2008 made those transformations more evident and relevant, and therefore added complexity to the regulatory redesign process that was triggered as a consequence. These transformations can be summarized as follows:

- The cycle of technological changes is increasingly shorter, impacting more dynamically the functioning model of the capital markets;
- The strengthening of social networks has changed dramatically the process of handling and using information;
- The innovation of financial products is wide-ranging and brings new opportunities for allocation of savings; and
- Globalization caused operations to often involve more than one jurisdiction and fostered the growth of global investors' participation.

At the same time, there is also a commitment from government leaders of the largest economies in the world to implement measures towards sustainable economic growth, as well as to create long-term financing alternatives, combined with measures that ensure liquidity and mitigate the risk of asset-liability mismatch.

In this new global environment, the capital market enlarges its fundamental role of being an effective and sustainable alternative for channeling savings and supporting the investments the economy requires. In emerging countries, where the need for investments is significant, the role of capital markets is more relevant, requiring more balanced efforts between development initiatives and preventive measures.

We recognize that Brazil, due to its geographical and economic size, is inserted in the global scenario in a concrete way. Brazil is already among the twelve largest capital markets in the world. Being the seventh largest economy in the world, the capital markets has potential to grow, as the country is stable, with interest rate at a level lower than its historical average.

The need for significant investments in the coming years creates an opportunity for the construction of a stronger capital market and brings new responsibilities for its agents, including the regulator. A capital market that grows under consistent and solid bases must fully exercise its role of promoting economic growth.

And it is in this context that we rethink our role.

In short, the material presented in this document is the result of a hard work involving senior management and significant percentage of our staff. We carried out an intense process of analysis, which has enabled us to reflect on how the CVM should play its role under an expanding capital market scenario expected for the next 10 years.

We have identified specific priorities that may ensure that our performance be increasingly effective in the short, medium and long term.

Having reflected on CVM's original values, and on how it has been performing, we have identified issues where there is room for improvement.

As a result of this process, we have reasserted our values and purpose, and built a vision for the future.

VALUES

In our reflection, we have reaffirmed our intention to ensure the efficient operation, the integrity and the development of the capital markets, promoting a balance between the initiative of the agents and effective investor protection, always guided by our own values.

Historically, since the creation of the CVM, back in 1977, we have always been respected for our work to maintain a safe legal framework and by highlighting the value, the quality and the independence of our technical opinions. This has consistently allowed an ever growing number of balanced and transparent decisions.

Thus, we confirm our values, some of them highlighted below:

- The valuing of CVM staff, focusing on their technical training and measures to promote their engagement and commitment.
- Intensification of financial education, promoting standards of good conduct and leading to a greater awareness and understanding about the products and their risks.
- Recognition of the importance of cooperation and coordination with other Brazilian and foreign regulators as essential elements in our mind-set, as well as for a more effective performance in the activities of regulation, supervision, enforcement, monitoring, sanction and education.
- Interaction with all market players and commitment to consider comments by all players through public consultation/hearing.
- Promotion of self-Regulation. We emphasize the role of these players, which, due to certain relevant skills, are able to complement CVM's work without duplicating it.

With these definitions, we are more aligned both internally and with the society to deal with the natural challenges ahead of us and thus better fulfill our objectives.

PRIORITIES

Based on these context and values, we have built a Vision for the next ten years and listed priorities that will be instrumental to perform our work with efficiency.

Particularly, in relation to the identified socio-economic trends, we drew up scenarios of how Brazil's capital market may grow in the coming years. In almost all scenarios, we have identified that the market is able to more than double its size in the next ten years.

Our Vision is based on ensuring that CVM may continue to be recognized by society for its work as an essential institution; that its credibility may be strengthened over the years and that it may increasingly be able to effectively regulate the functioning of a capital market that grows and contributes positively to the development of the country.

Our priorities have always been defined with the objective of strengthening the path to achieve the 2023 Vision. Briefly, they are the following:

- Invest in our staff so it may continue to have a high technical level, be committed and work in properly sized and safe premises. In that way, we have to highlight the importance of skilled and engaged staff that is sufficient in quantity, considering the ever growing number of regulated entities under our jurisdiction, always following our hiring rules. We also have to point out that the specific employment rules applicable to civil servants must be observed though more rigid and complex, they should not risk the execution of our legal mandate.
- Reformulate the IT area so that it may be ready to work in this new environment we mentioned, and that it may be technical and more integrated to our management activities so we may increase the effectiveness of our final actions. It is possible to achieve a significant productivity gain if we review and automate our work and documentation processes.
- Continue to actively work with other market players promoting financial education at various levels. New products with different risk profiles allied to a more longevous population enhance the importance of basic financial education. Investors, who are the first and only ones responsible for their investment, need to increase their capacity to make informed decisions and be aware of their actions. That way, they can fully perform their key role in the capital market which, naturally, will become safer.

- Continuously improve the processes of supervision and enforcement. Good conduct standards of behavior should be clear, addressed and adopted. Non-compliance with them must entail effective, balanced, consistent and timely sanctioning actions. Such actions bring stability and predictability to the market and security to the investor. In this regard, the importance of the coordination and arrangements with the Public Attorney Office, the Federal Police and the Judiciary is fundamental.
- Engage in a consistent and continuing manner our participation in international bodies where the CVM represents Brazil, taking seat in discussions on regulatory principles, topics that seek financial market stability and forms of cooperation and coordination. As regulator of the capital markets of one of the largest economies in the world, the CVM is seen as a reference in some areas, putting it in an important position in various relevant discussions. We are also independently evaluated by the World Bank and the International Monetary Fund every five years and our results have been highly positive. All these factors demonstrate that our participation in discussions strengthens our role, giving us a global dimension that is proportional to our importance, and creating additional reference to the exercise of our mandate in the domestic market.

ACKNOWLEDGMENT

Finally, I would like to state that, despite all our functional commitments, a substantial number of staff proved to be highly committed to the construction process of the 2023 Vision, as well as to set priorities. There was consensus about the importance for all and each one of us to allocate time in our routine to have a key discussions looking forward to our future, and thus ensuring a more efficient day-to-day where we will be running our daily tasks with added quality.

Therefore, I could not finish this message without thanking the staff and all of those who helped us in this process. Many have invested their time in a voluntary way and were vital in the process, once they could share their perspectives with an independent look. The availability, for example, of CVM regulated entities in providing us with inputs and feedback was a fundamental part in our thinking process.

With this publication, we made the commitment to implement the prioritized actions. We have created a Governance Committee to support CVM Planning Office and to be another positive lever in the implementation of the 2023 Vision. This group has already been following the progress of this phase on a monthly basis since August within transparent standards of governance.

Thank you.



Leonardo Porciúncula Gomes Pereira
Executive Chairman



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CVM



2. CVM

PURPOSE

Look after the integrity and development of the capital markets, promoting a balance between market player initiatives and effective investor protection

VALUES

- ◇ Permanent valuing of staff with a focus on skills, commitment, motivation and meritocracy.
- ◇ Working environment that values the coordination, cooperation and constant dialog between departments and hierarchical levels.
- ◇ Ongoing search for proper organizational, physical and technological structures supported by an appropriate administrative, budgetary and financial autonomy.
- ◇ Financial education as an essential tool for the strengthening of the capital market.
- ◇ Coordinated efforts with public and private, national and international institutions in the search for greater efficiency in regulatory activities, registration, supervision, inspection, sanctioning and education.
- ◇ Technical, independent, speedy and transparent work that is guided by ethics, efficiency, balance and legal security of decisions.
- ◇ Execution of function with a focus on market needs and its evolution, in line with international standards, and based on the participation of society, including via public hearings.
- ◇ Work based on investor protection, on broad dissemination of information, and on monitoring market risks and financial stability, also with the support of self-regulation.

LEGAL MANDATES OF CVM

Market development

Stimulate the formation of savings and its application in securities; promote the efficient and regular expansion and functioning of the stock market; and stimulate permanent investments in shares of the capital stock of publicly-held companies controlled by national private capitals (Law 6.385/76, art. 4, items I and II).

Efficiency and functioning of the market

Ensure the efficient and regular operation of the stock and OTC markets; ensure the observance of fair trade practices in the securities market; and ensure compliance, in the market, with the conditions of use of credit laid down by the National Monetary Council (Law 6.385/76, art. 4, items III, VII and VIII).

Protection of investors

Protect the holders of securities and the investors of the market against irregular issuance of securities; illegal acts of directors and controlling stock holders of publicly-held companies, or administrators of securities portfolio; and the use of relevant information not disclosed in the securities market. Prevent or discourage modalities of fraud or manipulation intended to create artificial conditions of demand, supply or price of securities traded on the market (Law 6.385/76, art. 4, items IV and V).

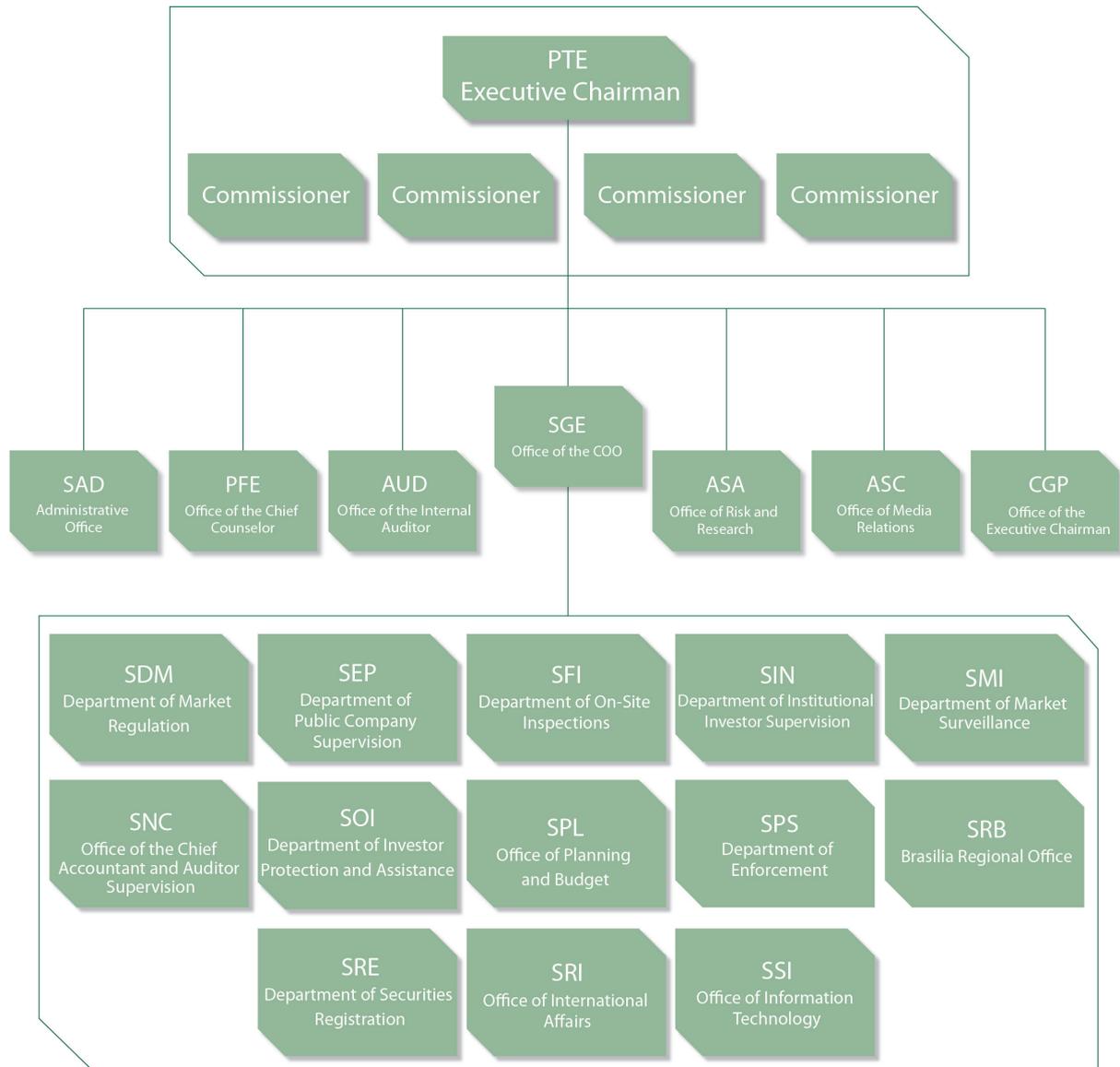
Access to appropriate information

Ensure public access to information on securities traded and the companies that issued them, regulating the Law and administering the registration system for issuers, distribution and regulated agents (Law 6.385/76, art. 4, item VI, and art. 8, items I and II).

Supervision and sanction

Continuously monitor the activities and services of the securities market, as well as the disclosure of information related to the market, its participants and securities traded therein, and impose penalties for offenders of Laws 6.404/76 and 6.385/76, CVM rules or special laws whose enforcement is under CVM's responsibility (Law 6385/76, art. 8, lines III and V, and art. 11).

ORGANIZATIONAL STRUCTURE



In Brazil there are two registration procedures, one for the public offering of securities and another for the issuer (a company or fund). Public offerings are registered by SRE; public companies by SEP and investment funds by SIN.

BOARD OF COMMISSIONERS

Executive Chairman

Leonardo Gomes Pereira

Commencement of Term: 05.11.2012 / End of term: 14.07.2017

Commissioners

Otavio Yazbek

Commencement of Term: 02.01.2009/ End of term: 31.12.2013

Ana Dolores Moura Carneiro de Novaes

Commencement of Term: 11.07.2012/ End of term: 31.12.2014

Luciana Pires Dias

Commencement of Term: 21.01.2011/ End of term: 31.12.2015

Roberto Tadeu Antunes Fernandes

Commencement of Term: 13.04.2012/ End of term: 31.12.2016

DEPARTMENT/OFFICE

SGE Office of the COO
Alexandre Pinheiro dos Santos

ASA Office of Risk and Research
Wang Jiang Horng

ASC Office of Media Relations
Ana Cristina Ribeiro da Costa Freire

AUD Office of the Internal Auditor
Osmar Narciso Souza Costa Junior

**CGP/
OUV** Office of the Executive Chairman / Office of the Ombudsman
Julia Damazio de Barroso Franco

PFE Office of the Chief Counselor
José Eduardo Guimarães Barros

SAD Administrative Office
Tânia Cristina Lopes Ribeiro

SDM Department of Market Regulation
Flavia Mouta Fernandes

SEP Department of Public Company Supervision
Fernando Soares Vieira

SFI Department of On-Site Inspections
Mario Luiz Lemos

SIN Department of Institutional Investor Supervision
Francisco José Bastos Santos

SMI Department of Market Surveillance
Waldir de Jesus Nobre

SNC Office of the Chief Accountant and Auditor Supervision
José Carlos Bezerra da Silva

SOI Department of Investor Protection and Assistance
José Alexandre Cavalcanti Vasco

SPL Office of Planning and Budget
Leonardo José Mattos Sultani

SPS Department of Enforcement
Carlos Guilherme de Paula Aguiar

SRB Brasília Regional Office
Thiago Paiva Chaves

SRE Department of Securities Registration
Reginaldo Pereira de Oliveira

SRI Office of International Affairs
Eduardo Manhães Ribeiro Gomes

SSI Office of Information Technology
Marcelo Roberto Santos do Amaral



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The Planning Process



3. The Planning Process

The formulation of CVM's strategy was based on fundamental concepts present in the major planning methodologies and involved the broad participation of CVM's staff and society.

In step one, undertaken in the first two months of 2013, the technical team of the planning office held meetings with the Board of Commissioners members and heads of departments to present the methodology employed in the process. Then, three internal workshops were organized.

The first two workshops took place in april and june and were attended by the Board of Commissioners members and heads of departments. In addition to discussing the Purpose and the Values that guide CVM's actions since its creation in 1976, the group held surveys, visits and meetings with external agents, among which investors, regulators from other jurisdictions, public institutions, the press, self-regulators, associations and experts.

Based on the expectations of these agents, on the experiences of international regulators and public national bodies, and on economic, political, legal, social and technological trends identified, the group defined the Strategic Objectives of the CVM for 2023.

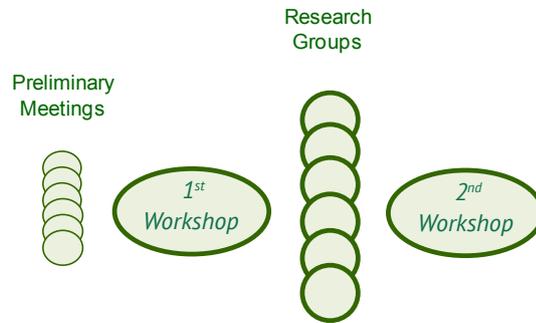
The third workshop was held in early july and, in addition to the Board of Commissioners members and heads of departments, was attended by approximately 200 staff members - 1/3 of the total, composed by managers, analysts, executive agents, assistants, inspectors and attorneys from Rio de Janeiro, Sao Paulo and Brasilia.

Besides of continuing the work developed by then, the third workshop provided an important opportunity for integration among staff, stimulating the generation of ideas that will contribute to the continuous strengthening of the CVM.

The coming Chapters present the main results of this work and information about the managerial method, also known as PDCA (Plan, Do, Check, Action), which involves the structure for the implementation of projects and actions, communication policy and strategy review process.

I - Future Vision

(january to june)



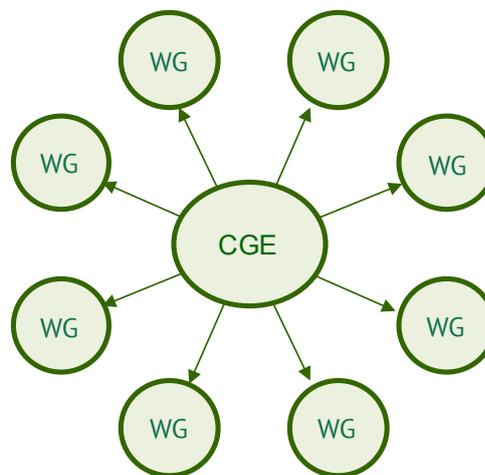
II - Mobilization for action

(july)



III- Implementation Structure

(as of august)



CGE - Strategic Governance Committee
WG - Working Group



4

Strategic Goals



4. Strategic Goals

The strategic goals and priorities of the CVM for 2023 were established based on the construction of the Future Vision. The objectives consist in the projected positions and are related to the quality of the final work of the institution and to specific enhancements of its structure.

For a better understanding, objectives are presented in a segregated way, accompanied by a summary of the context in which they are inserted and the indication of the main projects and actions that will be developed for its scope.

The aspects that the entity intends to enhance present different levels of distance between the current situation and the goals of CVM 2023. In cases of greater proximity, measures for the maintenance of the good practices and to obtain incremental gains will be adopted. For the situations in which a greater distance was identified, special projects and actions aimed at restructuring internal processes are scheduled.

01 **Be recognized by society as an essential institution, regarded as reliable and capable of regulating in an efficient way the functioning of the market, of protecting investors and of contributing positively to the development of the country.**

This strategic objective can be regarded as a synthesis of the Future Vision, given that the other objectives closely related to it. The surveys and meetings held during the planning process showed that the CVM has its work recognized by external agents, a characteristic that must be maintained through the continuous improvement of governance standards and the capacity of disclosing actions related to the fulfillment of its institutional mission.

- 1.1. Consolidation of the planning process at the strategic, tactical, and operational levels
- 1.2. Expansion of the prioritization and project management capacity
- 1.3. Development of mechanisms to monitor institutional performance - indicators and targets
- 1.4. Strengthening of internal audit and ombudsman
- 1.5. Continuous improvement of communication channels with society

02

Safe, sustainable, modern and properly sized premises, as well as high technology equipped.

The CVM has its headquarters located in Rio de Janeiro, with regional offices in Sao Paulo and Brasilia. The growth of the Brazilian capital market in the last decade, coupled with the consolidation of the structural changes in the Brazilian economy and its new forms of financing in the coming years, consists in a process accompanied by the increase in the number of personnel and already requires the extension of the physical space and the adoption of measures capable of making the facilities more functional and safer.

- 2.1. Expansion and modernization of Rio de Janeiro premises
- 2.2. Installation of the Sao Paulo regional office in its own property
- 2.3. Enhancement of the security and maintenance procedures
- 2.4. Establishment of an environmental sustainability policy

03

Committed and motivated staff, multidisciplinary skilled and specialized, fruit of a formalized, transparent, legitimate HR policy based on meritocracy.

The capital market is an extremely complex and dynamic sector, always demanding from the regulator a highly specialized technical personnel. In this respect, the qualification of CVM staff is recognized both in the field of public administration and by external agents. Over the next few years, a period in which the capital market will remain in a process of expansion, the continuous investment in training and the alignment of HR policies to the best practices of the public sector represent some of the main challenges imposed to the regulator.

- 3.1. Establishment of a Multiannual Plan for the development of the personnel in operational staff and managers
- 3.2. Establishment of a reward policy based on meritocracy
- 3.3. Establishment of mechanisms for the identification, management and retention of talent
- 3.4. Establishment of quality of life and well-being policy
- 3.5. Improvement of the staff performance review process
- 3.6. Improvement of the selection and training of new personnel process

04 **Organizational structure that assures the ability to carry out its activities in order to follow the market evolution, permanently dimensioning departments according to their needs.**

The evolution of the Brazilian capital market is the main factor to be considered by the CVM for the design of its organizational structure. While the expansion of the quantity of regulated entities and the traded volumes directly affect the scaling of the areas, the diversification of products and participants impacts the level of expertise required. In this scenario, it is vital for the CVM to be able to improve its structure according to the challenges imposed by the market.

- 4.1. Review of assignments and dimensioning of the departments
 - 4.2. Review of the tasks and responsibilities of the positions
 - 4.3. Establishment of a policy for staff allocation and removal
-

05 **Swift, technical and independent action guided by constant coordination, cooperation and dialog between departments and hierarchical levels.**

Independent Action. Here is one of the main characteristics presented by the CVM. Guaranteed by the legislator due to its essentiality, independence sets the basis for technical and balanced decisions, contributing to the credibility of the regulation, so essential to the success of the capital market. A well-defined and coordinated decision-making structure supported by a committed and technically specialized staff, is a fundamental element for the CVM to keep this important feature.

- 5.1. Development of ongoing efforts to maintain technical and multidisciplinary staff's profile at all hierarchical levels. This is an essential characteristic for the balance and security of decisions
- 5.2. Maintenance of multidisciplinary Committees in the decision-making structure
- 5.3. Continuous strengthening of internal control mechanisms intended to prevent conflicts of interest that affect the decisions and institutional actions
- 5.4. Revision of the CVM statute, in particular regarding the delimitation of powers of the Board of Commissioners and technical departments
- 5.5. Improvement of internal communication instruments

06 **Effective autonomy to set a budget that ensures the fulfillment of its activities and strategic objectives and have efficient processes that allow full advantage of the available financial resources.**

The constant expansion of the complexity and size of the Brazilian capital market must be accompanied by a corresponding improvement in the ability of its regulator to act. So, the CVM must have sufficient resources for the achievement of the necessary investments and continuously improve the quality of its expenditures.

- 6.1. Have a greater promotion of investment Plans with the Central Administration and market participants
- 6.2. Signing cooperation agreements with international bodies for the development of projects at the strategic level
- 6.3. Joint Assessment - CVM and Central Administration - mechanisms for the improvement of the budgetary execution, such as management contracts, which are intended, among other purposes, to ensure budgetary and financial resources necessary to meet objectives and targets as agreed in advance

07 **Adoption of management and process optimization, which must be constantly mapped, standardized, and be prevalently in electronic format.**

The continuous mapping of the processes of an organization is a paramount factor for obtaining gains in operational efficiency and management, which can be improved by the adoption of technological tools, such as the electronic dossier. Such mechanism provides greater transparency, control and speed to the processes, expanding information access and streamlining the delivery of services to the society. The introduction of the electronic dossier is one of the priorities established by the CVM and is aligned with the Brazilian e-Government Program.

- 7.1. Establishment of a policy for the management of documents
- 7.2. Introduction of the electronic dossier
- 7.3. Establishment of mapping routines and streamlining of dossiers
- 7.4. Establishment of a program for evaluating and monitoring dossier results

08

Technological structure capable of ensuring core support and managerial activities.

Technological advancements over the last few decades have fostered a revolution in communication, with significant effects for the securities regulator, especially regarding supervision, monitoring and sanctioning. In this scenario, the biggest challenges posed to the CVM are related to the improvement of its computer systems, the expansion of its capture, processing and analysis ability of large volumes of data from multiple sources and the use of new media for the dissemination of information and offer of services to market participants. Such developments should be accompanied by an enhancement of the mechanisms of governance and IT management, which should add value to the CVM by reducing risks to acceptable levels.

- 8.1. Work based on the Information Technology Master Plan, which must be annually reviewed in conjunction with the main users and the IT committee, so as to ensure the alignment of actions with the objectives listed in the strategic institutional plan
- 8.2. Improvement of mechanisms for the management of IT projects in order to give greater efficiency to the process, allow a closer monitoring of the results by managers, subsidize the decisions of the IT committee and contribute to the effective range of the objectives established in the Information Technology Master Plan
- 8.3. Improvement of the IT services management (strategy, design, transition and operation processes of services), which must be aligned to the business needs, provided with quality and constantly monitored by means of quantitative indicators and targets
- 8.4. Establishment of formal process for software development through the use of a methodology that may guarantees the technical standardization of various steps planned along the life cycle, in order to reduce the level of rework and increase the predictability of success in software development projects, thereby allowing a greater contribution of the IT area for the results of the business
- 8.5. Establishment of a risk management process in the IT context so the events capable of interfering with the continuity of the business are permanently monitored and mitigation actions are promptly adopted
- 8.6. Strengthening the information security management through the revision of policies, responsibilities and control mechanisms, with the objective of ensuring the confidentiality, integrity and availability of information
- 8.7. Extend cooperation and sharing of systems with other regulators, self-regulating institutions and public administration organizations, in order to enlarge the supervision capacity of the CVM and reduce the compliance cost for participants

09

Generate research, analyses and knowledge to support strategic and operational decisions.

Society has continuously demanded that public administration governance should be improved. To that end, the operational activities should be based on strategic drivers; management, on ongoing assessment of risks; decisions, founded on technical analyses, studies and surveys.

- 9.1. Strengthening the culture of risk management as an essential factor for implementing the strategy, supporting decisions and achieving the objectives of the organization
- 9.2. Improvement of economic-financial data bases in order to provide input for researches and analysis
- 9.3. Expansion of partnerships with academic and research institutes
- 9.4. Production and publication of studies and papers on matters relevant to the CVM

10

Regulation in line with best international practices and recognition of CVM's capability of keeping up with market needs in a timely manner, promoting the necessary balance between the initiatives of participants and the protection of investors.

One of the most important characteristics of CVM's regulatory process consists in the broad participation of society. Since its creation in the 1970s, it holds Public Hearings to consider the opinion of market participants prior to issuing its rules. The permanent keeping in mind of best practices, combined with the continuous improvement of the participation of society, will allow the quality of Brazil's capital markets regulatory framework to remain highly regarded by the public, as well as favorably considered in periodic evaluations conducted by international bodies.

- 10.1. Maintenance of Public Hearings
- 10.2. Maintenance of wide dissemination and guidance on issued rules
- 10.3. Keep on participating in major international forums on capital markets
- 10.4. Adoption of an automated system for receiving suggestions and comments by the web site
- 10.5. Improvement of the regulatory impact analysis process
- 10.6. Improvement of the normative framework with a view to reducing the costs of compliance by market participants

11

Efficient market supervision, with the intensive use of technology and in coordination with other regulators and self-regulators.

The CVM is responsible for supervising a sophisticated and dynamic market that has developed significantly over the last decade. Rationalizing the use of resources, acting preventively, holding advanced technological tools and sharing the work developed by other regulators and self-regulators as important actions that should be improved continuously in search of greater supervisory efficiency.

- 11.1. Maintenance of the risk-based supervision system
 - 11.2. Improvement of the work policy before involving coordination with self-regulators
 - 11.3. Strengthening of joint activities and exchange of information with national and international regulators
 - 11.4. Improvement of techniques and mechanisms of the derivatives market supervision
-

12

Prompt and efficient investigative and sanctioning processes that may produce the educational effects required for effective inhibition of irregularities.

An effective sanctioning is essential to deter future infringements, maintain confidence in the capital market regulatory environment and the credibility of its regulator. For those reasons the CVM considers the improvement of its sanctioning process as one of the main challenges to be faced in the coming years. Criteria for prioritization of cases, designing procedural workflow and promoting legislative changes are some subjects that certainly will be underscored on CVM's agenda.

- 12.1. Standardization of operating procedures
- 12.2. Improvement of prioritization criteria for cases
- 12.3. Improvement of tools for the monitoring of dossiers
- 12.4. Rationalization of the use of documents
- 12.5. Establishment of deadlines for concluding dossier examination
- 12.6. Strengthening coordinated actions with other institutions
- 12.7. Improvement or updating of the penalties provided by law
- 12.8. Improvement of criteria for settlements

13

Leadership role in financial education, contributing to a better understanding by investors of the benefits and risks associated with financial products.

Increase in life expectancy, growth and greater representativeness of working age population and expansion of family income are factors that directly affect the rate and profile of Brazilian savings. In this scenario, financial education, as a set of actions of information, training and guidance, is an essential element so the population may improve the understanding of financial products and services, become aware of the opportunities and risks involved and make choices regarding the administration of its resources. The promotion of market culture in Brazilian society should stimulate the formation of savings and increased investment in capital markets.

- 13.1. Expansion of institutional partnerships that may promote national efforts for investor education
- 13.2. Expansion of investor protection and defense of the investor, combining actions of information, training, guidance and disclosure that may considerably broaden the scope of educational initiatives, bringing the CVM closer to the Brazilian population
- 13.3. Extension of the communication channels to listening to investor and understanding their needs
- 13.4. Institution of an investor educational room
- 13.5. Promote and develop studies and researches on the factors that influence citizen behavior beyond the strict rationality, applying these results in the conception of educational initiatives
- 13.6. Extension of the support and encouragement for academic production about the Brazilian capital markets

14

Having proactiveness performance in international forums, assuming a relevant role and influencing the discussion of themes related to capital markets.

CVM's international relations date back to its origin and were expanded significantly from the mid-1990s on, upon the conclusion of a series of Memorandum of Understanding - MOU with foreign regulators. In a more recent period, due to the growing importance of Brazil in the world scenario, the increase in transactions involving more than one jurisdiction and the sophistication of new products, the CVM has started to participate more actively in the main forums and international bodies whose discussions and decisions involve capital market. Such participation should be expanded in the coming years, mainly because of the discussions focused on the harmonization of principles governing capital markets and its adaptation in each jurisdiction, issue that has gained emphasis since the 2008 financial crisis.

- 14.1. Improvement of CVM's capacity to participate in international discussions concerning the financial system and capital markets in particular
- 14.2. Strengthening relations with foreign regulators, self-regulators and other bodies
- 14.3. Adoption of staff training policy on international representation
- 14.4. Preparation of studies and papers with the aim of supporting an active participation of the CVM in international forums and, whenever possible, also in English, in order to further disseminate the good practices adopted in the Brazilian regulatory environment and to contribute to the decision-making process

15

Effective participation in governmental strategic decisions related to capital markets, with strong institutional relationship with the Executive, Legislative and Judiciary.

In a scenario in which capital markets extend its importance to finance economic growth, it is crucial that the CVM actively participate in strategic decisions related. In this regard, although the CVM may already participate in discussions at various levels, there is room for this contribution to expand, thereby strengthening decisions and, thus the soundness of capital markets.

- 15.1. Strengthening institutional relations with the Legislative and Judiciary and with other federal agencies, in particular by means of closer technical and academic cooperation and partnerships
- 15.2. Promotion of staff expert work within the Executive and Legislative
- 15.3. Strengthening of CVM's image and its institutional activities

STRATEGIC MAP OF CVM





5

Governance Policy



5. Governance Policy

Implementation Structure

The structure established by the CVM to implement the strategy is segregated into two levels: (i) decision and monitoring, and (ii) operational.

At the decision and monitoring level, the Strategic Governance Committee was established in August 2013, composed of people authorized to make the necessary decisions for the implementation of projects and actions.

Composition

- ◇ Executive Chairman
- ◇ Chief Operating Officer
- ◇ Head of Planning Department
- ◇ Other three members (appointed by the Chairman)

Assignments

- ◇ Define projects and priorities
- ◇ Establish Working Groups to develop projects
- ◇ Define individuals responsible for implementation the actions
- ◇ Provide support and resources for implementation to the projects and actions
- ◇ Monitor the implementation of projects and actions
- ◇ Assess results
- ◇ Define and institutionalize communication mechanisms

Since its establishment, the Strategic Governance Committee has held regular monthly meetings with the teams in charge of the implementation about priority projects already initiated and about other issues related to the Committee.

At the operational level, the Projects Management Office, linked to the Office of Planning and Budget, is dedicated exclusively to the implementation of projects and actions arising from the strategic planning, even providing methodological support to project teams.

The implementation of the strategy is monitored through performance indicators to measure the degree of implementation of the projects (efficacy) and the degree of development of the CVM in relation to defined goals (effectiveness). The indicators has been subject to audit by internal and external control bodies.

Communication Policy

Effective communication is the first step for the successful deployment of the strategy.

As a result of expectations and specific needs, mechanisms for dissemination to the internal and external public has been adopted.

Internal Public

- ◇ Internal Communications
- ◇ Newsletters
- ◇ Presentations
- ◇ Meetings
- ◇ *Workshops*

External Public

- ◇ Announcements to the Market
- ◇ Press Releases
- ◇ Annual Report
- ◇ Management Report (Accountability)

Review Process

The Strategic Governance Committee can change the strategic guidelines at any time if significant changes in the scenarios and trends that served as basis for the planning process are detected.

An ordinary review is scheduled to occur in 2017, five years from the beginning of the planning process and when the CVM will have a Board of Commissioners renewed.



CVM

Comissão de Valores Mobiliários
Securities and Exchange Commission of Brazil

STRATEGIC PLANNING
2013 - 2023