**CA 389 – Brazilian Distribution**

* **‘Dividends’** – These are Brazilian Income events that are straight cash dividends and are announced as such. SIX Fi will capture these in a GG230, which will output in ISO 15022 as a DVCA (Cash Dividend) message to Citi. This is as per Citi’s requirements.

* ‘Juros’ (JU) – These are ‘Juros sobre o capital proprio’, which is when the distribution is classed as interest on capital distributions. SIX FI will capture these in a GG230 message and clarify within the data capture the amount of the distribution which is classed as interest on capital (the ‘Juros sobre o capital proprio’). This will output in ISO 15022 as DVCA and the interest on capital portion will not be represented in the ISO 15022 message. Please note however that the Interest component will always be the same as the Gross Amount for Interest on Capital distributions. Some issuers will also announce the net amount. If given, this amount is input accordingly as well

Note: This was raised as in SMPG forums a few years back when SMPG were asked for clarity on whether or not **‘**Juros sobre o capital proprio’ distributions should be classed as Interest Payments in an ISO 15022 message (event type INTR) or as a Cash dividend (event type DVCA) as a market standard. It was clarified by the relevant NMP representative that these should output in ISO 15022 as message type DVCA. As such SIX FI currently adhere to market standards in their ISO 15022 output of these distributions.

* **‘Rendimentos’ of ‘Dividend’ (RD)** – A ‘Rendimentos’ is an adjustment on the existing distribution. One of the reasons noted for this change in review of some events was a dividend adjustment announced by Taxa Selic (Index by which interest rates charged by banks are set). When a ‘Rendimentos’ is announced, SIX FI adjust the relevant dividend rate in the GG230 accordingly. Recent form in the market (i.e. the Brazilian Stock Exchange) is to announce both the dividend amount and the ‘Rendimentos’ amount as separate amounts. SIX FI do not currently announce both amounts. The current ISO 15022 output would be for DVCA for the announced distribution and then an updated DVCA when the dividend is adjusted as per Rendimentos’ announcement.

            Clarified by the team that the above description was accurate for this case, However, the exchange also announces fund distributions also known as ‘rendimentos’, and these are capital gains which are coded as such. Therefore, the two should not be mistaken as  being the same, even though exchange uses same wording. To note here that when the team capture these as capital gains, these will output as CAPG messages in the ISO 15022 output.

* **‘Rendimentos’ of ‘Juro’ (RJ) –** As per ‘Rendimentos of Dividend (RD)’ as the ‘Juro’ portion is not currently output in the SIX FI ISO 15022 output.

At a high level, the requirement is to distinguish between income events; Juros (JU) / Rendimientos of Dividend (RD) / Rendimientos of Juros (RJ) from Vanilla Cash Dividends.

First and foremost, there needs to be some agreement in announcing these as DVCA, CAPG or CAPD. And then at a more granular level, communicating whether it’s JU, RD or RJ.