

# Remissive index

## Part I – UNDERSTANDING THE BRAZILIAN PUBLIC DEBT

### Chapter 1 Origin and history of Brazil's public debt up to 1963

Caixa de Amortização, 35, 42  
Colonial Brazil, 31  
Debt service, 36, 37, 38, 46, 47, 48, 49  
Financial Recovery Securities, 45  
Funded Domestic Debt, 35, 36, 43  
Funding loan, 45, 47, 48, 49  
Imperial period, 31, 34, 40, 41, 42  
Obrigações de Reaparelhamento Economico, 44  
Republican period, 31, 42, 45, 49

### Chapter 2 History of public debt in Brazil: 1964 to the present

Annual Borrowing Plan – ABP, 62  
Benchmark, 53, 63, 69  
Central Bank, 54, 55, 57 to 60, 62, 66, 67, 69  
Cetip, 62  
Dealers, 62  
Domestic Federal Public Debt – DFPD, 53 to 57, 59, 60  
Federal Public Debt – FPD, 53, 63, 69  
Investment account, 62  
National Treasury Secretariat – STN, 57, 58  
Paris Club, 69  
Selic, 58, 59, 62

### Chapter 3 Public debt sustainability

Asset and Liability Management (ALM), 82, 83

Budget constraints, 73, 74, 76, 78  
Debt/GDP ratio, 81, 82, 88  
Default, 73, 78, 83  
Economic Policy Secretariat – SPE, 85  
Government net assets, 82  
Solvency, 79, 83, 85  
Sustainability, 73 to 79, 81 to 83, 85, 86, 88  
Value-at-Risk (VaR), 82

### Chapter 4 Public debt concepts and statistics

Annual Borrowing Plan – ABP, 98, 101, 102, 103, 109  
Annual Federal Public Debt Report – ADR, 103  
Average cost, 100 to 102  
Average life, 101, 102  
Average maturity, 99, 101 to 103  
Central Bank, 91 to 98, 102 to 104, 107 to 111, 114  
Credit rating agencies, 93, 96, 97  
Credit rating, 93, 97, 98  
External contractual debt, 93, 95, 100  
External Federal Public Debt – EFPD, 92, 94, 95, 98 to 102  
External securities debt, 94, 95, 100  
Federal Public Debt – FPD, 91 to 93, 95 to 98, 102, 103, 108, 109, 111  
Fiscal Responsibility Law– LRF, 108, 110, 111  
General Government Gross Debt – GGGD, 96, 97, 104, 108, 109  
General Government Net Debt – GGND, 97, 104, 109  
National Treasury , 91 to 99, 102 to 104, 108 to 111, 114

Net fiscal debt, 92, 114  
Net Public Sector Debt – NPSD, 92, 93, 95 to 98,  
104, 108, 109, 114  
Percentage due in 12 months, 99, 101, 102

## **Part II – MANAGING THE BRAZILIAN PUBLIC DEBT**

### **Chapter 1 Institutional structure and recent developments in Federal Public Debt management**

Annual Borrowing Plan – ABP, 121, 124  
Annual Debt Report – ADR, 122  
Back office, 119, 120, 129  
Central Bank, 117 to 119, 123, 129  
Codip, 120  
Codiv, 120  
Cogep, 120  
Debt Management Office – DMO, 119, 120, 125, 127  
Federal Public Debt management committee, 121  
Fiscal Responsibility Law – LRF, 118, 119  
Front office, 120  
Governance, 117, 118, 121, 128, 129  
IMF, 117, 121, 125, 127, 129  
Institute of International Finance – IIF, 123  
Institutional structure, 117, 119, 127, 128, 129  
Integrated Debt System (IDS), 127, 128  
Investor relations, 123  
Latin American and Caribbean Expert Group on Public Debt Management (LAC Debt Group), 128, 129  
Middle office, 120  
Ministry of Finance, 118, 119  
Monthly issuance schedules, 122  
National Treasury, 118 to 123, 125 to 127, 129

OECD, 125, 129  
Strategic planning and risk management system (Gerir), 126, 127  
Transparency, 118, 121 to 124, 127, 129  
World Bank, 117, 121, 124, 125, 127, 129

### **Chapter 2 Strategic planning of the Federal Public Debt**

Annual Borrowing Plan – ABP, 131 to 133, 138,  
140 to 143, 146, 147  
Assets and Liability Management (ALM), 137  
Benchmark, 131, 132, 134 to 139, 142, 143, 146  
to 148  
Borrowing requirements, 137, 140, 141, 143  
Cash-flow-at-risk – CFaR, 137  
Convergence speed, 143, 146  
Cost-at-risk – CaR, 137  
Efficient portfolio, 136, 138  
Long term strategy, 146, 148  
Management committee, 131, 133, 146  
Market risk, 137, 141, 145  
Net issuance, 147  
Optimal composition of public debt, 134, 136, 138  
Percent due in 12 months, 137, 141, 143  
Public debt refinancing and risk management  
system (Gerir), 140  
Refinancing risk, 136, 137, 141, 145  
Risk management, 131, 132, 133, 135, 136, 148  
Roll-over percentage, 147  
Steady state, 135, 136, 138, 139, 146  
Strategic planning, 131, 132, 135, 138 to 140,  
142, 146, 148  
Stress test, 137  
Tactical planning, 138, 146  
Transition strategy, 131, 134, 138, 142, 143, 144,  
146

### **Chapter 3 Federal Public Debt risk management**

Assets and Liabilities Management - ALM, 152, 165, 182

BaR – Budget-at-Risk, 153, 156, 159, 174

Benchmark, 152, 153, 162 to 166, 179, 182, 190, 191

Budget risk, 155, 159,

CaR – Cost-at-Risk, 153, 156, 174

CFaR – Cash-Flow-at-Risk, 153, 156, 158, 159, 174

Debt sustainability, 156, 167, 169, 182, 191

Duration, 153, 155, 160, 162, 174, 192

Market risk, 155, 156, 158

Optimal composition of debt, 152

Public debt risk management, 151, 152, 165, 172, 182

PVBP – Present Value of a Basis Point, 153, 160, 161

Refinancing risk, 154, 155, 158, 159, 192

Risk measures on the demand side, 153, 155, 159

Uncertainty, 155, 156, 158, 159, 167, 173, 179, 180, 185,

VaR – Value-at-Risk, 153, 154, 156, 157, 160, 161, 174

### **Chapter 4 The Federal Public Debt budget**

Annual Budgetary Law – LOA, 195, 199, 202, 203, 204, 210

Bonded public debt refinancing, 199

Budget's execution, 193, 198, 202

Budgetary Guidelines Law – LDO, 195, 196, 197, 202,

Federal accounting system, 197

Federal system of financial administration, 197

Federal system of internal control, 197

Fiscal Responsibility Law – LRF, 196, 199, 201, 202, 210

Golden rule, 201

Granting of guarantees, 199

Integrated System of Budget Data – SIDOR, 197

Integrated System of Financial and Budgetary Administration – SIAFI, 197

Joint budget and plans commission, 195, 196

Managing units, 196

Multi-Year Plan – PPA, 195, 197, 206

National Treasury Secretariat – STN, 197, 198,

Payment, 193, 198, 199, 200, 201, 202, 203, 207, 209

Public budget, 193, 194, 196, 201

Public debt budget, 199, 203,

Secretariat for Strategic Planning and Investments – SPI/MPOG, 195

Secretariat of the Federal Budget – SOF, 196, 197, 202,

Sectoral bodies, 196, 197, 198

Settlements, 198

### **Chapter 5 Regulatory frameworks and government auditing of public debt**

Brazil's legal system, 213, 214, 222, 224

Code of public ethics, 220

Consolidated debt, 216, 217, 218, 221, 222, 226,

Credit operations, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 233

Fiscal Responsibility Law – LRF, 215

Fiscal transparency, 225, 227, 228, 229, 232,

Floating debt, 217, 221, 227

Funded debt, 215, 218, 219, 223, 227

Government audit institutions, 231, 232

Government auditing, 213, 221, 229, 231, 232

Rules for public sector indebtedness, 213, 215, 221,

The executive branch, 219  
The legislative branch, 219

### **Part III – THE PUBLIC DEBT MARKET IN BRAZIL**

#### **Chapter 1 Recent evolution of the Federal Public Debt market**

Average maturity, 251, 252, 255, 260, 261  
Bank for International Settlement - BIS, 248, 249, 260  
Benchmark securities, 254, 257, 263, 265, 266  
BM&F, 256, 265, 266  
Clearing house, 265  
Dealers, 264, 265  
Domestic debt market, 248 to 250  
Domestic Federal Public Debt – DFPD, 252, 255, 258 to 261  
External debt market, 248  
External Federal Public Debt – EFPD, 250, 258  
Federal Public Debt – FPD, 247 to 250, 257, 258 to 261, 263  
Floating-rate securities, 251, 258, 260  
FX-linked securities, 258  
Inflation-linked securities, 247, 256, 257, 258, 261, 266  
Investor base, 249, 254, 260, 261, 263, 264, 265  
Liquidity, 248, 249, 257, 260, 262, 263, 266  
Pricing, 262 to 265  
Primary market, 263, 264, 265  
Public Sector Net Debt – PSND, 259  
Secondary market, 249, 260, 263, 264, 265  
Securities market, 247, 251, 265, 266, 267  
Sisbex, 265  
Trade Association for the Emerging Markets –

EMTA, 262, 263  
Yield, 247, 249, 250, 254, 257, 264, 266, 267

#### **Chapter 2 Pricing federal public securities**

A-bond, 271, 272, 278 to 281, 287, 295  
ANV, 275, 276  
Bond price, 274, 275, 278, 290  
Bootstrapping, 278, 283  
Business days, 269, 272 to 278, 288, 292, 293  
Clean price, 272, 277, 278, 294, 295, 296  
DI future, 281, 282, 289 to 291  
Dirty price, 272, 277, 294  
Duration, 282, 283, 284, 285  
Eurobonds, 271, 278, 279  
Global BRL bonds, 271, 278  
Global USD bonds, 271, 278, 281  
Letras do Tesouro Nacional – LTN, 270, 273, 281, 282, 289, 290, 292, 297  
Letras Financeiras do Tesouro – LFT, 270, 274, 276, 291, 293, 298  
Notas do Tesouro Nacional, B series – NTN-B, 270, 274, 275, 282, 293, 298  
Notas do Tesouro Nacional, C series – NTN-C, 269, 270, 274, 275, 282, 293, 298  
Notas do Tesouro Nacional, F series – NTN-F, 270, 271, 273 to 275, 281, 282, 284, 289, 290, 292, 293, 298  
P, 273, 274, 275, 276, 279  
Pricing, 269, 270, 272, 275 to 277, 281, 282, 283, 286, 292  
Spread Over Treasury (SOT), 281, 284  
YTM, 272, 273, 277, 284, 289, 290, 292, 293, 294, 295  
Zero curve, 275, 283, 284, 285

## **Chapter 3 Organization of Brazil's financial market**

Abipem, 306  
Abrapp, 306, 307  
Anbid, 306, 307  
Andima, 306, 307, 310, 311  
BM&F, 311 to 314  
BM&FBovespa, 310 to 312, 314, 315  
Bovespa, 311 to 315  
Brazilian Central Bank (BC, BCB), 301 to 305, 309 to 311, 314  
BVRJ, 311, 313  
CBLC, 310, 312, 315  
CDI, 306, 307, 308  
Cetip, 307, 310, 311, 313, 314  
CGPC, 301, 304  
Class associations, 302, 306, 308  
Clearing, 302, 304, 310 to 313, 315, 316  
Clearstream, 315, 316  
Closed pension funds, 303, 304  
CMN, 301, 303  
CNSP, 301  
Custody, 306, 310 to 313, 315, 316  
CVM, 301 to 303, 305, 307  
Dealers, 304, 305, 307, 310 to 312, 314 to 316  
DTC, 315, 316  
DTCC, 315  
EAPC – Open complementary social security entities, 301, 308  
EFPC – Closed complementary social security entities (pension funds), 301, 305  
Euroclear, 315, 316  
Febraban, 306, 308  
Federal Revenue Secretariat, 301 to 303  
Fenaprevi, 306, 308

Fenaseg, 306, 308  
Insurance companies, 301, 302, 305, 306, 308, 311, 312  
Intermediaries, 302, 304 to 306, 314, 315  
Investment funds, 302, 303, 305, 307, 311, 312, 315, 316  
Investors, 302 to 308, 311  
IRB, 301, 302  
IRFM, 307, 308  
MTS, 315  
Multiple Banks, 301, 305, 307, 310, 311  
NYSE, 316  
Open social security, 302  
Pension funds, 301 to 307, 311, 313  
Regulatory agencies, 301, 302, 309, 313, 316  
SEC, 315, 316  
Sisbex, 307, 311 to 314  
SPB, 310, 314  
SPC, 302, 305, 306, 313  
STR, 310, 311, 314  
SUSEP, 301, 302

## **Chapter 4 Primary market of the Federal Public Debt**

Auction, 319 to 325, 327 to 330  
Book building, 327, 328  
Brady bonds, 331, 332, 333  
Buyback program, 331 to 333  
Dealer Managers (DMs), 326, 327  
Dealers, 324, 325, 329, 337, 338  
Discriminatory auction, 338  
Exchange auction, 329, 335  
Liability management, 329, 330  
Primary market, 319, 320, 323 to 325, 329  
Request for Proposal – RFP, 327

Restructured debt, 331  
Securities and Exchange Commission – SEC, 326  
Sovereign debt, 323, 331  
Tender offer, 331 to 333, 336  
Underwriters, 326, 327  
Uniform price auction, 324, 329, 338  
Yield curve, 321, 323, 330, 331, 332

## **Chapter 5 The investor base of the Federal Public Debt in Brazil**

Diversification, 341, 352  
Investment funds, 342 to 347, 349 to 353, 355, 359, 360, 362, 365, 367  
Investor base, 341, 353 to 358, 365  
Open entities, 343  
Pension funds, 343, 345, 347, 349, 350, 352 to 355, 357, 358, 360 to 363, 365

## **Chapter 6 The secondary market for Federal Public Debt**

Benchmark, 372, 374, 375, 381, 387, 389  
Broker, 370, 377  
Dealers, 370, 377, 384 to 386, 388, 390  
DV01, 374  
EMTA, 369, 375  
Hedge, 374  
Market-makers, 385  
Overnight rate, 374, 378, 384, 385  
Real interest, 374, 375, 376  
Refinancing risk, 370, 384, 388  
Secondary market, 369 to 378, 380, 382 to 391  
Short selling, 370, 375  
Spread, 371, 374, 375, 377, 382, 384, 388, 390

## **Chapter 7 Treasury Direct: Internet public securities retail sales program**

Administration fee, 400  
BM&FBovespa, 393, 397, 399, 401, 406, 407, 411  
CBLC, 394, 399, 400  
Custodial account, 399  
Depository agents, 397, 399 to 401, 411  
Investment fund, 394, 396, 399, 400, 403, 411  
IPCA, 404  
Letras do Tesouro Nacional – LTN, 398, 402, 404  
Letras Financeiras do Tesouro – LFT, 398, 403, 404  
Notas do Tesouro Nacional, serie B – NTN-B, 398, 402, 404  
Notas do Tesouro Nacional, serie B Principal – NTN-B, 398, 402, 404  
Notas do Tesouro Nacional, serie C – NTN-C, 402  
Notas do Tesouro Nacional, serie F – NTN-F, 398 principal, 397