

August 18, 2022  
102/2022-PRE

## CIRCULAR LETTER

Listed B3 Participants

**Re: Accreditation Process for Market Maker Program in Options on Brazilian Depository Receipts (BDRs) and New Timetable**

B3 hereby announces the new timetable for the Market Maker Program in Options on BDRs, with the deadline for filing the Accreditation Instrument, and the dates for account registration, start of activity and end of obligation, replacing the timetable in Circular Letter 070/2022-PRE, dated June 14, 2022.

For the present Market Maker Program in Options on Brazilian Depository Receipts (BDRs) (program), up to five market makers will be accredited for options on the following BDRs:

AAPL34 – Apple Inc.	NFLX34 – Netflix Inc.
AMZO34 – Amazon.com Inc.	NUBR33 – Nubank Holdings
BABA34 – Alibaba Group	NVDC34 – Nvidia Corporation
GOGL34 – Alphabet Inc.	PYPL34 – PayPal Holdings Inc.
MELI34 – Mercadolibre Inc.	TSLA34 – Tesla Inc.
M1TA34 – Meta Platforms Inc.	XPBR31 – XP Inc.
MSFT34 – Microsoft Corporation	

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## Timetable

<b>Accreditation instrument filed</b>	<b>Accounts registered</b>	<b>Start of activity</b>	<b>End of obligation</b>
By August 26, 2022	September 9, 2022	September 12, 2022	December 15, 2023

Accreditation is guaranteed for previously selected institutions. New accreditations will be permitted while there are vacancies.

B3 may at its sole discretion assess accreditation applications submitted after the above dates, provided the delay is duly justified.

## Activity parameters

Market makers accredited for this program must enter bids and asks in accordance with the trading parameters defined by B3.

The list of options eligible for the program and the respective activity parameters can be found in the document "Rules for Activity by Market Makers in Options on BDRs", available at [www.b3.com.br/en\\_us](http://www.b3.com.br/en_us), Products and Services, Trading, Market maker, Join in, Programs, Options on Brazilian Depository Receipts (BDRs), complying with the suspensive condition.

Market makers are required to trade for at least ten minutes in the last thirty minutes of each trading session. They are also required to register bids and asks until the fifth business day before expiration of the first contract month available for trading. As of the fourth business day before these dates, they are not obliged to trade in the first contract month available but must trade in the next two contract months authorized for trading.

The activity parameters may be changed during the course of the program with the prior consent of the market makers accredited for the program. B3 will formally advise market makers of any proposals to change the activity parameters. They will have seven business days to respond in writing, and the lack of a timely reply will be taken as consent to the proposed change.

The prior consent of market makers will not be necessary if the parameters are changed owing to atypical market situations that incur a change in trading patterns or to adjustments required to avoid the creation of artificial demand, supply or pricing conditions.

The mandatory series and rules for market maker selection are available at [www.b3.com.br/en\\_us](http://www.b3.com.br/en_us), Products and Services, Trading, Market maker, Derivatives, Options on Brazilian Depository Receipts (BDRs).

### **Test period**

Market makers enjoy the benefits specified below without having to observe the activity parameters for up to ten business days before the start of their mandatory activity so that they can execute connectivity, session and order routing tests, as well as the necessary technological configurations. After the test period, market makers' activities will be monitored by B3.

### **De-accreditation**

In the event of de-accreditation of market makers in this program, B3 may select other institutions that have expressed interest in the options concerned to replace the de-accredited institutions.

Accreditation and de-accreditation of market makers will always be disclosed to participants via B3's usual communication channels.

### **Maximum number of parameter breaches**

Any market maker's accreditation under this program may be cancelled in the event of more than twelve unjustified breaches of the activity parameters and/or of the obligations set forth in this Circular Letter and in the Market Maker Accreditation Agreement, or if the justification is not accepted by B3. The Agreement is available at [www.b3.com.br/en\\_us](http://www.b3.com.br/en_us), Products and Services, Trading, Market maker, Join In, Contracts.

### **Minimum activity period**

If a market maker desists from the accreditation process without having begun its activities under this program, before or after effective accreditation, it will be exempted from meeting the thirty-day minimum activity period required by Circular Letter 109/2015-DP, dated October 8, 2015. If a market maker withdraws after beginning its activities, it must comply with the thirty-day activity requirement without fail so that its de-accreditation can be communicated to the market.

### **Benefits**

Market makers will be exempt from exchange fees and other fees on trades in all series of these options, including non-mandatory series.

They will also be exempt from payment of exchange and other fees on trades in the option underlyings performed in the cash markets for the purpose of delta hedging in the same trading session as the options.

For the purposes of this program, the delta hedging percentage considered will be fifty per cent (50%) of the notional value of the cash contract, to be applied to the quantity of options traded for all series of the underlying security on the day it is calculated.

Market makers that exceed the above delta hedging limit on one or more days will have to pay exchange and other fees on the daily excess volume in the spot equity market, in accordance with the fee policy in force for the spot market, available at [www.b3.com.br/en\\_us](http://www.b3.com.br/en_us), Products and Services, Fee schedules, Listed equities and derivatives, Equities, Equities and investment funds, À vista. There will be no incentives based on investor type, volume or day trading, and any other incentives B3 may introduce in future will not apply.

Excess volume will be defined by multiplying the excess quantity by the average price of the security traded by the market maker on the day in question.

Market makers will be responsible for paying the full amount of the exchange fees and other fees on daily excess volumes accumulated in any given month on the second business day of the subsequent month.

Furthermore, in order to be eligible for exemption from fees on delta hedging, market makers must designate a specific account to be used solely for the purpose of delta hedging with respect to the options for which they are accredited, regardless of the number of accounts they may use to perform their market making activities.

The flow of messages, trades and volumes generated by accredited institutions will not be considered for the purposes of the Policy for the Control of Trading

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Messages, as set forth in Circular Letter 039/2013-DP, dated May 27, 2013, and Circular Letter 050/2013-DP, dated July 30, 2013.

### **General provisions**

This Circular Letter revokes Circular Letter 070/2022-PRE, dated June 14, 2022, and Circular Letter 089/2022-PRE, dated July 19, 2022.

Further clarification can be obtained from Listed Products by calling +55 11 2565-5661 or emailing [formadordemercadob3@b3.com.br](mailto:formadordemercadob3@b3.com.br).

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