



October 29, 2020

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CIRCULAR LETTER

To: B3's Market Participants – BM&FBOVESPA Segment

Re: **Accreditation Process for Market Makers in the S&P 500 Futures Contract Cash-Settled to the CME Group S&P 500 Quotation (ISP).**

Up to five market makers will be accredited for this program.

If the accreditation requests exceed the number of vacancies offered, B3 will at its sole discretion select the market makers to be accredited.

Market makers in this program will also be required to contribute to market making in the Rollover of the S&P 500 Futures Contract Cash-Settled to the CME Group S&P 500 Quotation (RSP).

Accreditation procedure

Institutions that wish to take part in the program are advised to consult the Procedures Guide for Accreditation of Market Makers, available at www.b3.com.br/en_us, Products and Services, Trading, Market maker, Join in, Accreditation.



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Timetable

Accreditation instrument filed	Accounts registered	Activity starts	Obligation ends
By Nov. 20, 2020	Nov 27, 2020	Dec. 14, 2020	Dec 10, 2021

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

Activity parameters

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

The list of assets eligible for the program, as well as their respective activity parameters, can be found in the document S&P 500 Futures Contract Market Maker Program rules (ISP), available at www.b3.com.br/en_us, Products and Services, Trading, Market maker, Join in, Programs, S&P 500 Futures Contract (ISP).

Market makers are required to register bids and offers for at least the first two contract months admitted to trading and must do so until the fifth business day before ISP expiration. On the fourth and third business days prior to expiration, market makers are required to trade RSP. After this deadline, the market maker obligation passes to the following contract month.

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.

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.

Maximum number of parameter breaches

Any market maker's accreditation under this program may be cancelled in the event of more than twelve (12) 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, Products and Services, Trading, Market maker, Join In, Contracts.



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Waiver of obligation

Market makers in this program are not required to fulfill the activity parameters on dates that are public holidays in New York or Chicago. They may also suspend mandatory activity whenever there is no trading session on CME Group's electronic trading platform.

Minimum activity period

If a market maker desists from the accreditation process without having begun its activities under this program, 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 this period, it must comply with the thirty-day activity requirement without fail so that its de-accreditation can be communicated to the market.

Benefits

Accredited institutions will be exempted from exchange fees and from (i) fixed and variable registration fees, (ii) settlement fees, and (iii) permanence fees, as applicable, on trades in any contract months of the asset in this program.

The message flows, trades and volume generated by the accredited institutions will not be considered for the purposes of the Trading Message Control Policy, as per Circular Letter 039/2013-DP, dated May 27, 2013, and Circular Letter 050/2013-DP, dated July 30, 2013.



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General provisions

B3 will resolve any omissions regarding this accreditation process and the program.

Further information can be obtained from the Chief Product and Client Officer's team by telephone on +55 11 2565 5026 or by email at formadordemercadob3@b3.com.br.

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