

November 7, 2019

082/2019-PRE

## C I R C U L A R   L E T T E R

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

Re: **Accreditation of Market Makers in Standard & Poor's 500 Futures Settled in Cash to CME Group S&P 500 Quotation (ISP).**

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

If the number of accreditation requests exceeds the number of openings, the market makers to be accredited will be selected at the sole discretion of B3.

Market makers in this program will also be required to contribute to market making in rollovers of ISP Futures (RSP).

### **Accreditation procedure**

Institutions that wish to take part in the program are advised to consult the Procedures Guide for the Accreditation of Market Makers, available at [www.b3.com.br/en\\_us/](http://www.b3.com.br/en_us/), Products and Services, Trading, Market Maker, Join in, Accreditation.

### **Timetable**

<b>Send Accreditation Instrument</b>	<b>Account registration</b>	<b>Start of activity</b>	<b>End of obligation</b>
By Nov. 22, 2019	Nov. 29, 2019	Nov. 16, 2019	Dec. 11, 2020

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 execute buy and sell orders in accordance with the following activity parameters:

Asset	Spread (points)	Minimum lot	Minimum period of activity during trading sessions	Contract months
ISP	1.5	20	80%	1st and 2nd
RSP	1.5	20		Mandatory activity in T-4 and T-3 rollover of ISP

Market makers are required to register bids and offers for at least the first two ISP contract months admitted to trading and must do so for at least five business days before ISP expiration. On the fourth and third business days prior to this expiration date, market makers are required to trade in the RSP. Thereafter they are obliged to trade in the subsequent contract month.

### Test period

Market makers enjoy the benefits specified below without having to observe the 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 to 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 Agreement of Accreditation for Market Maker Activity, or if the justification is not accepted by B3.

### 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 the start of its activity, it must comply with the thirty-day notice period without fail so that its deaccreditation can be communicated to the market.

### **Benefits**

Accredited institutions will be exempted from exchange fees and from (i) fixed and variable 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.

### **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 5860/5338/5185 or by email at [formadordemercadob3@b3.com.br](mailto:formadordemercadob3@b3.com.br).

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