



September 15, 2020

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CIRCULAR LETTER

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

Re: **Spot Foreign Exchange Fee Policy**

We hereby inform you that as of **November 30, 2020** a new fee policy will come into effect for Spot U.S. Dollar market trading and U.S. Dollar transaction registration at the B3 Foreign Exchange Clearinghouse, as set forth in Annex I hereto.

This present Circular Letter substitutes and revokes:

- item 6 of Circular Letter 070/2008-DP, dated October 27, 2008;
- Circular Letter 027/2010-DP, dated July 29, 2010;
- the "Foreign Exchange Clearinghouse" item of item 6 of Circular Letter 079/2007-DG, dated September 28, 2007; and
- Circular Letter 005/2011-DT, dated July 12, 2011.

Examples of the application of this policy are provided in Annex II hereto.



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Spot Foreign Exchange price tables are also available, at www.b3.com.br/en_us, Products and Services, Fee schedules, Listed equities and derivatives, Exchange rates, U.S. Dollar, U.S. Dollar Spot.

Further information can be obtained from Settlement Processes and Services Support, by telephone on +55 11 2565-5015 or by email at liquidacao.tarifacao@b3.com.br.

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Annex I to Circular Letter 116/2020-PRE

Spot Foreign Exchange Fee Policy

1. Fee model

The fee model is comprised of a registration fee charged on all transactions registered with the Foreign Exchange Clearinghouse, and of exchange fee, which are only charged on spot foreign exchange transactions executed via the electronic trading system.

“Other costs” will also be charged on the calculated values, as a way of neutralizing the effects of the PIS, COFINS and ISS tax charges on Foreign Exchange Clearinghouse operations.

1.1. Exchange Fee

The exchange fee value is determined on a sliding scale, based on the daily volume of spot U.S. Dollar transactions originating from the electronic trading system, per participant.

Daily volume per institution (USD)		Exchange fee (USD per USD M)
From	To	
0.00	150,000,000.00	0.84
150,000,000.01	250,000,000.00	0.67
250,000,000.01	350,000,000.00	0.50
350,000,000.01	450,000,000.00	0.34
450,000,000.01	700,000,000.00	0.17
Over 700,000,000.00		0.08



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Fee calculation is by tier, as follows, respecting the total of each tier:

$$E_{\text{tier}} = \frac{\sum \text{USD volume of transactions per tier}}{1,000,000} \times \text{TCAM} \times \text{Value per tier}$$

Where:

- TCAM: exchange rate published by B3 for each day's T+2 transactions;
- Value per tier: value of the exchange fee in each tier of the table.

Incentive Policy

Day trades: 50% reduction on the original value calculated for each tier's exchange fee.

1.2. Registration fee

1.2.1. Regular transactions

Registration fee calculation is on a sliding scale, based on the daily volume of transactions, per institution, of the buyer and seller, per participant.

Daily volume per institution (USD)		Registration fee (USD per USD M)
From	To	
0.00	150,000,000.00	10.00
150,000,000.01	250,000,000.00	8.00
250,000,000.01	350,000,000.00	6.00
350,000,000.01	450,000,000.00	4.00
450,000,000.01	700,000,000.00	2.00
Over 700,000,000.00		1.00

Fee calculation is per tier, as follows, respecting the total of each tier:

$$TR_{\text{tier}} = \frac{\sum \text{USD volume of transactions per tier}}{1,000,000} \times \text{TCAM} \times \text{Value per tier}$$



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Where:

- TCAM: exchange rate published by B3 for each day's T+2 transactions;
- Value per tier: value of the registration fees in each tier of the table.

Incentive policy

Transactions originating in the electronic trading system: 35% reduction on the original value calculated for the registration fee of each tier.

Should an institution register, on the same day, transactions both originating from the electronic trading system and from outside of it, the incentive will be applied as of the first tier, up until the full value of the transactions originating in the electronic trading system.

1.2.2. U.S. Dollar repos

Transactions meeting the following criteria will be considered U.S. Dollar repos.

- Trading channel: PCAM383 (OTC transactions originating from the Central Bank of Brazil's foreign exchange system).
- Same buyer and seller, at the opposite legs.
- Same volume in U.S. Dollars.
- Different settlement dates.

For U.S. Dollar repos, the registration fee (TR) will be calculated by the following formula:

$$TR_{\text{repo}} = \frac{\frac{\sum \text{USD volume of the U.S. Dollar repos}}{2}}{1,000,000} \times \text{TCAM} \times \text{Repo fee value}$$

Where:

- TCAM: exchange rate published by B3 for each day's T+2 transactions;
- Repo fee value: USD5.00.

1.3. Other costs

The "other costs" value in relation to Foreign Exchange Clearinghouse operations will be calculated in accordance with the following formula, rounded off to two decimal places:

$$\text{Other costs} = (E \times f_1) + (R \times f_2)$$

Where:

- E: value of the exchange fee calculated per institution, per participant;
- R: value of the registration fee calculated per institution, per participant;
- f_1 and f_2 : multiplying factors, calculated in accordance with the following formulas:

$$f_1 = \frac{c_1 + c_2}{1 - (c_1 + c_2)} \quad \text{and} \quad f_2 = \frac{c_1 + c_2 + c_3}{1 - (c_1 + c_2 + c_3)}$$

- c_1 : value of the current PIS rate, at the value of 1.65%;
- c_2 : value of the current COFINS rate, at the value of 7.60%;
- c_3 : value of the current ISS rate, at the value of 2%.

The f_1 and f_2 values are, respectively, 10.1928% and 12.6761%.



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The calculated value of the fees will be announced to each institution via BCM0112 message, under the 1 (registration fee), 7 (exchange fee) and 99 (other costs) domains.

The fee values must be paid to B3 on the business day following that of the transaction.



Annex II to Circular Letter 116/2020-PRE

Calculation Examples

1. OTC transaction registration at the Foreign Exchange Clearinghouse

In this case, only the regular registration fee will be charged:

- **Origin:** OTC
- **Value:** USD 800,000,000.00
- **TCAM:** BRL 5.00/USD

Tier 1

$$TR_{\text{tier}} = \frac{150,000,000}{1,000,000} \times 5 \times 10 = \text{BRL } 7,500.00$$

Calculation of the other tiers follows the same lines. The final value of the registration fee is BRL 19,500.00, as set out in the table below.

Tier	Volume invested in the tier (USD)	Fee (USD per USD M)	Registration fee calculated per tier (BRL)
1	150,000,000.00	10.00	7,500.00
2	100,000,000.00	8.00	4,000.00
3	100,000,000.00	6.00	3,000.00
4	100,000,000.00	4.00	2,000.00
5	250,000,000.00	2.00	2,500.00
6	100,000,000.00	1.00	500.00
Total	800,000,000.00		19,500.00

- **Registration fee:** BRL 19,500.00
- **Other costs:** BRL 19,500 x 12.6761% = BRL 2,471.83
- **Total of the transaction:** BRL 21,971.83

2. Day trade originating from the electronic trading system

In this case, both the exchange fee and the regular registration fee will be charged:

- **Value:** USD800,000,000.00
- **TCAM:** BRL 5.00/USD
- **Exchange fee:**

Tier 1

$$E_{tier} = \frac{150,000,000}{1,000,000} \times 5 \times 0.84 = BRL 630.00$$

- **Day trade reduction:** 50%
- **Tier 1 exchange fee total:** BRL 315.00

Calculation of the other tiers follows the same lines, with application of the reduction percentage directly in the tier. The final value of the exchange fee is BRL 667.63, in accordance with the table below.

Tier	Volume invested in the tier (USD)	Fee (USD per USD M)	Exchange fee calculated per tier (BRL)
1	150.000.000,00	0.84	315.00
2	100.000.000,00	0.67	117.25
3	100.000.000,00	0.50	87.50
4	100.000.000,00	0.34	59.50
5	250.000.000,00	0.17	74.38
6	100.000.000,00	0.08	14.00
Total	800.000.000,00		667.63



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- **Registration fee**

Tier 1

$$TR_{tier} = \frac{150,000,000}{1,000,000} \times 5 \times 10 = R\$7,500.00$$

- **Electronic trading system reduction:** 35%
- **Tier 1 exchange fee total:** BRL 4,875.00

Calculation of the other tiers follows the same lines, with application of the reduction percentage directly in the tier. The final value of the registration fee is BRL 12,675.00, in accordance with the table below.

Tier	Volume invested in the tier (USD)	Fee (USD per USD M)	Registration fee calculated per tier (BRL)
1	150,000,000.00	10.00	4,875.00
2	100,000,000.00	8.00	2,600.00
3	100,000,000.00	6.00	1,950.00
4	100,000,000.00	4.00	1,300.00
5	250,000,000.00	2.00	1,625.00
6	100,000,000.00	1.00	325.00
Total	800,000,000.00		12,675.00

- **Exchange fee total:** BRL 667.63
- **Other costs:** BRL 667.63 x 10.1928% = BRL 68.04
- **Total registration fee:** BRL 12,675.00
- **Other costs:** BRL 12,675.00 x 12.6761% = BRL 1,606.69
- **Total of the transaction:** BRL 15,017.36



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3. Two transactions: one OTC the other via the electronic trading system

In this case, exchange fee and the regular registration fee will both be charged on the transaction originating from the electronic trading system, while only the registration fee will be charged on the transaction originating from OTC:

- **OTC transaction value:** USD300,000,000.00
- **Electronic system transaction value:** USD200,000,000.00
- **Total value:** USD500,000,000.00
- **TCAM:** BRL 5.00/USD
- **Exchange fee:**

Tier 1

$$E_{\text{tier}} = \frac{150,000,000}{1,000,000} \times 5 \times 0.84 = \text{BRL } 630.00$$

Calculation of the other tiers follows the same lines. The final value of the exchange fee is BRL 797.50, in accordance with the table below.

Tier	Volume invested in the tier (USD)	Fee (USD per USD M)	Exchange fee calculated per tier (BRL)
1	150,000,000.00	0.84	630.00
2	50,000,000.00	0.67	167.50
Total	200,000,000.00		797.50

- **Registration fee**

For the registration fee, the 35% reduction will be applied as of the first tier, up until the total volume of the transaction originating from the electronic trading system:

Tier 1

- **Electronic system volume:** USD150,000,000.00

$$TR_{\text{tier}} = \frac{150,000,000}{1,000,000} \times 5 \times 10 = \text{BRL } 7,500.00$$

- **Electronic trading system reduction:** 35%
- **Tier 1 registration fee total:** BRL 4,875.00

Tier 2

- **Electronic trading system volume:** USD50,000,000.00

$$TR_{\text{GTS}} = \frac{50,000,000}{1,000,000} \times 5 \times 8 = \text{BRL } 2,000.00$$

- **Electronic trading system reduction:** 35%
- **Tier 2 electronic system registration fee total:** BRL 1,300.00
- **OTC volume:** USD50,000,000.00

$$TR_R = \frac{50,000,000}{1,000,000} \times 5 \times 8 = \text{BRL } 2,000.00$$

- **Tier 2 OTC registration fee total:** BRL 2,000.00
- **Tier 2 registration fee total:** BRL 3,300.00

Tier 3

- **Registration volume:** USD100,000,000.00

$$TR_R = \frac{100,000,000}{1,000,000} \times 5 \times 6 = \text{BRL } 3,000.00$$

- **Tier 3 registration fee total:** BRL 3,000.00

Calculation of the other tiers follows the same lines as above. The final value of the registration fee is BRL 13,675.00, in accordance with the table below:



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Tier	Electronic system		OTC		Total	
	Volume (USD)	RF (BRL)	Volume (USD)	RF (BRL)	Volume (USD)	RF (BRL)
1	150,000,000.00	4,875.00			150,000,000.00	4,875.00
2	50,000,000.00	1,300.00	50,000,000.00	2,000.00	100,000,000.00	3,300.00
3			100,000,000.00	3,000.00	100,000,000.00	3,000.00
4			100,000,000.00	2,000.00	100,000,000.00	2,000.00
5			50,000,000.00	500.00	50,000,000.00	500.00
Total	200,000,000.00	6,175.00	300,000,000	7,500.00	500,000,000	13,675.00

- **Exchange fee total:** BRL 797.50
- **Other costs:** BRL 797.50 x 10.1928% = BRL 81.28
- **Registration fee total:** BRL 13,675.00
- **Other costs:** BRL 13,675.00 x 12.6761% = BRL 1,733.45
- **Total of the transaction:** BRL 16,287.23



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4. U.S. Dollar repo transaction registration at the Foreign Exchange Clearinghouse

In this case, only the repo transaction registration fee will be charged:

- **Origen:** OTC
- **Value:** USD800,000,000.00
- **TCAM:** BRL 5.00/USD

$$TR_{\text{repo}} = \frac{\frac{800,000,000}{2}}{1,000,000} \times 5 \times 5 = \text{BRL } 10,000.00$$

- **Registration fee:** BRL 10,000.00
- **Other costs:** BRL 10,000 x 12.6761% = BRL 1,267.61
- **Total of the transaction:** BRL 11,267.61