

April 30, 2020  
056/2020-PRE

## C I R C U L A R   L E T T E R

To: B3's Market Participants – BMF&BOVESPA Segment

Re: **Market Maker Accreditation Process for U.S. Dollar Options Contract, Mini U.S. Dollar Options Contract and Mini U.S. Dollar Options Contract – Weekly Expirations**

For this program, up to three (3) market makers will be accredited.

Please note that to take part in this program, the market maker must adhere to all assets and derivatives mentioned in this Circular Letter.

If the number of accreditation requests surpasses the number of available openings, the Market Makers to be accredited will be selected at the sole discretion of B3.

### **Accreditation procedure**

Institutions that wish to take part in the Program can find the relevant information in the Procedures Guide for the Accreditation of Market Makers (Guide), 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>Filing of Account Instrument</b>	<b>Account registration</b>	<b>Deadline for start of activity</b>	<b>End of link</b>
By June 12, 2020	June 19, 2020	July 1, 2020	June 30, 2021

056/2020-PRE

B3 may at its sole discretion assess any accreditation applications submitted outside the timeframe stipulated in this Circular Letter, provided they are duly justified.

The duration of this program may be extended at B3's sole discretion. If the end of the obligation is deferred, B3 will issue a Circular Letter with information on the length of the extension, any changes to the activity parameters, and other necessary provisions. Market makers will be free to choose whether to continue trading as such until the new date for the end of the obligation or conclude their accreditation on the above date therefor.

### **Activity parameters**

The market makers accredited in this program must make bids and offers in accordance with the activity parameters stipulated by B3.

The activity parameters may be changed during the course of the program with the prior consent of the market makers accredited in underlying assets of the parameter change. B3 will formally advise market makers of any proposals to change the activity parameters. They will have seven (7) 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 activity parameters are changed owing to necessary adjustments to avoid the creation of artificial demand, supply or pricing conditions.

The list of assets or derivatives eligible for the program, as well as their respective activity parameters, is available in the document Activity Parameters U.S. Dollar Options Market Maker, available at [www.b3.com.br/en\\_us](http://www.b3.com.br/en_us), Products and Services, Trading, Market maker, Join in, Programs, U.S. Dollar Options.

### **Test period**

Market makers may enjoy the benefits specified below without having to observe the activity parameters up to ten (10) business days before the start of their mandatory activity so that they can execute connectivity, trading 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**

Accreditation to this market maker program may be cancelled in the event of more than twelve (12) unjustified breaches of the activity parameters and/or 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.

### **Minimum timeframe for the activity**

If a market maker desists from the accreditation process without having begun its activities under this program, it will be exempted from meeting the minimum activity period of thirty (30) days required by Circular Letter 109/2015-DP, dated October 8, 2015. If withdrawal occurs after the start of its activity, the market maker must comply with the thirty-day notice period without fail, so that its de-accreditation may be communicated to the market.

### **Benefits**

Accredited institutions will be exempted from exchange fees and other fees levied on U.S. Dollar Options, Mini U.S. Dollar Options and Mini U.S. Dollar Options with Weekly Expirations traded in all series, including non-mandatory series. Accredited institutions will also be exempted from exchange fees and other fees levied on trades carried out in the same futures market trading session for delta hedging purposes.

056/2020-PRE

The futures contracts eligible for exemption of the U.S. Dollar options delta hedging are the U.S. Dollar Futures Contract (DOL) and the Mini U.S. Dollar Futures Contract (WDO).

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

Futures market trades that exceed the quantity equivalent to 50% (fifty per cent) of the delta hedging in proportion to the futures contract notional value will be subject to an exchange fee of USD1.00 per U.S. Dollar Futures Contract (DOL) and USD0.20 per Mini U.S. Dollar Futures Contract (WDO).

The conversion of costs into Brazilian Reals is based on the put PTAX pertaining to the last day of the month prior to the contract trading date. In such case, differentiation by type of investor, progressive discount policies by average daily trading volume (ADTV) or by day trade volume, or any other discounts that B3 may introduce, will not be considered.

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**

Any issues regarding the accreditation process and this program not explicitly addressed here will be resolved by B3.

056/2020-PRE

Further information can be obtained from the Chief Product and Client Officer's team by telephone on +55 11 2565-4218 / 2565-5973 or by email at [formadordemercadob3@b3.com.br](mailto:formadordemercadob3@b3.com.br).

Gilson Finkelsztain  
Chief Executive Officer

José Ribeiro de Andrade  
Chief Product and Client Officer