

December 19, 2023
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CIRCULAR LETTER

Listed B3 Participants

Re.: **Accreditation Process for Market Makers in Single Stock and Unit Futures**

B3 hereby informs of a change to the fee policy for hedging transactions in the Program for Market Makers in Single Stock and Unit Futures, in accordance with Annex II of this Circular Letter, which will be valid for charging purposes as of **December 2023** and the inclusion of the Policy for the Control of Trading Messages, as set forth in Circular Letter 086/2023-PRE, dated May 30, 2023. The other characteristics of the program remain unchanged.

This Circular Letter revokes and substitutes Circular Letter 055/2023-PRE, dated April 18, 2023.

Up to seven institutions will be accredited under this program. To participate, the market maker must trade in all assets eligible of the selected group.

Group A	Group B
ABEV3	B3SA3
BBAS3	CCRO3
BBDC4	COGN3
BHIA3	GGBR4
CIEL3	HYPE3

Group A	Group B
CMIG4	ITSA4
CSNA3	ITUB4
ELET3	MGLU3
JBSS3	RENT3
LREN3	SUZB3
NTCO3	USIM5
PCAR3	VALE3
PETR4	WEGE3
PSSA3	

Selection procedure

Institutions that wish to take part in the program can request accreditation by sending a completed application form (“Expression of Interest”) to formadordemercadob3@b3.com.br by the appropriate deadline, as shown below.

The Expression of Interest form is available at www.b3.com.br/en_us, Products and Services, Trading, Market maker, Join in, Programs, Single stock and unit futures.

If the number of applications for accreditation exceeds the number of openings offered, B3 will select the applicants to be accredited by means of a system of points. The institutions ranked in the top seven will be selected.

To calculate each applicant’s score in points, B3 will analyze the following variables:

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- i. Duration of the institution's participation in single stock and unit futures market maker programs
- ii. Performance in the previous program
- iii. Share of total trading in single stock and unit futures by all applicants

Having calculated their scores, B3 will announce the rankings of all applicants and the names of those selected for the program.

Accreditation procedure

The institutions selected must formalize their accreditation as market makers for the securities concerned by signing the Accreditation Instrument by the deadline stipulated in this Circular Letter.

Guidance on the procedure for returning the Accreditation Instrument can be found in the "Guide to Procedures for the Accreditation of Market Makers" (Accreditation Guide), available at www.b3.com.br/en_us, Products and Services, Trading, Market maker, Join in, Accreditation.

Institutions that have not yet signed the Market Maker Accreditation Agreement with B3 must follow the procedures set out in items 4, 5 and 6 of the Accreditation Guide.

For this program, a specific Accreditation Instrument form is available at www.b3.com.br/en_us, Products and Services, Trading, Market maker, Join in, Programs, Single stock and unit futures.

Deadlines

Expression of interest filed	Selected market makers announced	Accreditation instrument filed	Accounts registered	Activity starts	Obligation ends
By April 26, 2023	April 27, 2023	By May 08, 2023	May 08, 2023	May 22, 2023	May 24, 2024

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 trading parameters defined by B3.

The list of securities eligible for the program and the respective activity parameters can be found in the document “Rules for Activity by Market Makers in Single Stock and Unit Futures” (Rules), available at www.b3.com.br/en_us, Products and Services, Trading, Market maker, Join in, Programs, Single stock and unit futures.

Market makers are required to register bids and asks for the contract months listed in the Rules, and must do so until the second business day before the expiration date. As of the last business day before the expiration date, they are not obliged to trade in the first contract month but must trade in the two subsequent 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.

Test period

Market makers may enjoy the benefits specified below without having to observe the activity parameters for up to ten business days after 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 and any non-compliances will be rectified.

De-accreditation

In the event of de-accreditation of market makers from this program, B3 may select other institutions that have expressed interest in the securities 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 case of non-compliance with the parameters and/or obligations set forth herein,

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or in Circular Letter 084/2023-PRE, dated May 30, 2023, regarding the rules for monitoring market maker non-compliance, or in the Market Maker Accreditation Agreement, in a way that is either unjustified or whereby B3 does not accept the justification given. The Agreement is available at www.b3.com.br/en_us/, Products and Services, Trading, Market maker, Join In, Contracts.

Performance assessment

B3 may assess each market maker's performance six months after the start of its activity under this program, comparing the quantity traded by it in each asset eligible for the program with the total quantity of the same asset traded during its activity period.

If a market maker's share of the total quantity of each asset traded during the period is less than five per cent (5%), B3 may replace it with another institution that has expressed interest in the program.

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 de-accreditation can be communicated to the market.

Benefits

Accredited institutions will be exempted from exchange fees and from all other fees on trades in any contract months of the securities in this program, and on trades in the underlying stocks or units performed for hedging purposes, provided the latter comply with the criteria and limits established in the fee policy set out in Annex II to this Circular Letter.

Accredited market makers will receive remuneration comprising fixed and variable portions determined in accordance with each market maker's performance.

The criteria, limits and conditions for this remuneration are established in Annex I to this Circular Letter.

The trading volume in accounts and assets registered in the program, both for activity in the program and for hedging purposes, is not considered in the daily calculation of day trade volume that is used for definition of the day trade fee level.

The flow of messages, trades and volumes generated by accredited institutions will be considered for the purposes of the Policy for the Control of Trading Messages, as set forth in Circular Letter 086/2023-PRE, dated May 30, 2023.

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General provisions

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

Further information can be obtained from the Electronic Trading Department by calling +55 11 2565-5025, or by emailing formadordemercadob3@b3.com.br.

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Chief Product and Client Officer

Annex I to CIRCULAR LETTER 212/2023-PRE

Incentive Program for Market Makers in Single Stock and Unit Futures

1. Eligibility

Only market makers accredited under the Single Stock and Unit Futures Market Maker Program are eligible for the incentive program.

2. Incentives

2.1 Remuneration amounts

B3 will award remuneration net of taxes to the three market makers that trade most during the calculation period per group, to be distributed as follows:

- a) Fixed remuneration: BRL 15,0000.00 for each market maker
- b) Variable remuneration: a pool of up to BRL 80,000.00 to be distributed among the market makers of each group, in proportion to the market maker's share of the total traded by all market makers in the program, in accordance with a performance indicator calculated by the formula:

$$P_i = I_i \times P_T$$

where:

P_i is the amount awarded to market maker i

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I_i is the performance indicator for market maker i

P_T is the total amount awarded

B3 will calculate monthly performance indicators for each market maker based on the financial volume traded per group and participant in the incentive program in accordance with the following formula:

$$I_i = \frac{V_i}{V_T}$$

where:

I_i is the performance indicator for market maker i

V_i is the financial volume traded during the period by market maker i

V_T is the total financial volume traded during the period by all market makers participating in the incentive program

In calculating the volume traded by the participants, B3 will consider only transactions that comply with the rules and procedures established for its futures market. Transactions that have been cancelled and/or do not comply with these requirements will not be included in volume traded.

B3 may at its sole discretion review the method used to calculate market maker remuneration at any time considering the program's success, in which case it will issue a Circular Letter detailing the new method and any other necessary provisions.

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The market makers concerned will be informed of the results and respective values by email not later than the fifth business day of the month after the end of each calculation period.

2.2 Forms of remuneration

B3 will grant credits for use solely to reduce exchange and other fees on transactions involving and Listed B3 products.

Each market maker must choose in which financial instrument it will use the benefit. It may only choose one.

In the case of the cash market, the choice must be for a single asset and in the case of options on single stocks, units and ETFs, on a single underlying asset.

Credits may not be used to rebate exchange fees and other fees on forward and securities lending transactions.

The credits awarded expire at the end of the month following the month in which the market maker operated, and cannot be renewed.

The market maker must also designate a settlement account for receipt of the benefit.

Annex II to CIRCULAR LETTER 212/2023-PRE

Fee Policy for Market Makers in Single Stock and Unit Futures

1. Eligibility conditions for the market makers

This fee policy applies only to market makers that B3 has accredited for this program and will be conditional upon meeting the requirements set out in the items below.

2. Fee structure

Market makers will be exempted from exchange, registration, permanence and settlement fees on buying and selling in Single Stock and Futures Contracts for which they have been accredited.

3. Hedge trades exemption

Market makers will be exempted from exchange fees and settlement fees on hedge trades with single stocks/units that are the underlying assets of the futures contract in which the market maker is accredited, in accordance with the criteria and limits defined below.

3.1 Limits to exemption from fee on hedge trades

Market makers are exempt from fees on hedge trades in the cash market if the total quantity of buy and sell orders for the stocks and units executed for hedging purposes meets at least one of the following requirements:

- i. does not exceed the volume of the equity futures contract traded on the same day; or
- ii. does not surpass the quantity of contracts held to expiration. In this case, trades in stocks and units will be considered that are executed on the same day as cash settlement of the futures contract (the business day following expiration)

The hedge exemption following limits (i) and (ii) will consider the respective offsetting sell and buy orders for the single stock and unit futures in which the market maker is accredited to trade.

From **December 2023**, if a market maker surpasses the above delta hedging limit on one or more days, the exchange and other fees specified in the fee policy will be charged as described in Annex III.

Excess volume is calculated by multiplying the excess quantity by the average price of the security traded by the market maker on the day.

Market makers are responsible for payment in full of all exchange fees and settlement fees on each month's daily excess volumes not later than the second business day of the following month.

4. General provisions

If a market maker is de-accredited by B3 or requests de-accreditation before the end of its obligation, the exemptions provided for in items 2 and 3 of this fee policy will cease to be applicable as of the date of its de-accreditation.

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This fee policy does not apply to market makers for other securities admitted to trading on the markets operated by B3.

Annex III to CIRCULAR LETTER 212/2023-PRE

Fees on day trade and non-day trade excess volumes in excess equity options

1. Segregation of the assets' financial volume for hedging between day trade and non-day trade volume

Calculation of the excess day trade volume and excess non-day trade volume of the underlying, in the designated account, is defined daily as follows:

$$\text{Excess day trade volume} = 2 \times \text{Minimum (PV, SV)}$$

$$\text{Excess non-day trade volume} = (\text{PV} + \text{SV}) - \text{Excess day trade volume}$$

Where:

- PV = excess purchase volume in the underlying
- SV = excess sales volume in the underlying

2. Application of trading and settlement fees for excess volume

The trading and settlement fees for the cash market are applied daily for excess day trade and non-day trade volume.

Exchange fees and other fees on the excess volume are accumulated and executed in the month following that of execution.

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None of the volume (whether exempted or subjected to a fee as excess) of the asset in the account registered in this program is considered in the ADTV composition, which daily defines the trading and settlement fees for day trade volumes.

Fee benefits and other B3 programs are not applicable on the excess volumes in the accounts registered in this program.