

December 05, 2018

083/2018-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 Single Stock and Unit Futures.**

Up to three 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.

Participation in this program requires market making in all the securities listed below and in Single Stock and Unit Futures Rollovers.

### **Accreditation procedure**

Institutions that wish to take part in the program are advised to consult the Guide to Procedures 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>Filing of accreditation instrument</b>	<b>Account registration</b>	<b>Start of activity</b>	<b>End of obligation</b>
By Dec. 07, 2018	Dec. 07, 2018	Dec. 10, 2018	Dec. 13, 2019

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 following activity parameters:

083/2018-PRE

Period	Security	Maximum spread	Minimum quantity (contracts)	Minimum activity during trading session	Contract months
Dec. 10-21, 2018	B3SA3	2.20%	3,750	80%	1st
	CCRO3	1.50%	7,500		
	CIEL3	3.00%	5,000		
	CMIG4	2.30%	4,750		
	HYPE3	1.50%	1,250		
	KROT3	3.00%	7,500		
	PCAR4	1.50%	500		
	PETR4	0.80%	15,000		
	PSSA3	1.50%	500		
	USIM5	2.30%	10,000		
	VALE3	0.80%	4,250		
VVAR3	3.00%	4,500			
After Dec. 21, 2018	B3SA3	1.10%	7,500		
	CCRO3	0.75%	15,000		
	CIEL3	1.50%	10,000		
	CMIG4	1.15%	9,500		
	HYPE3	0.75%	2,500		
	KROT3	1.50%	15,000		
	PCAR4	0.75%	1,000		
	PETR4	0.40%	30,000		
	PSSA3	0.75%	1,000		
	USIM5	1.15%	20,000		
	VALE3	0.40%	8,500		
VVAR3	1.50%	9,000			

Period	Rollovers	Maximum spread	Minimum quantity (contracts)	Minimum activity during trading session	Contract months
Dec. 10-21, 2018	B3SA3	2.20%	3,750	80%	Mandatory activity in single stock and unit futures rollovers on T-4 and T-3
	CCRO3	1.50%	7,500		
	CIEL3	3.00%	5,000		
	CMIG4	2.30%	4,750		
	HYPE3	1.50%	1,250		
	KROT3	3.00%	7,500		
	PCAR4	1.50%	500		
	PETR4	0.80%	15,000		
	PSSA3	1.50%	500		
	USIM5	2.30%	10,000		
	VALE3	0.80%	4,250		
VVAR3	3.00%	4,500			
After Dec. 21, 2018	B3SA3	1.10%	7,500		
	CCRO3	0.75%	15,000		
	CIEL3	1.50%	10,000		
	CMIG4	1.15%	9,500		
	HYPE3	0.75%	2,500		
	KROT3	1.50%	15,000		
	PCAR4	0.75%	1,000		
	PETR4	0.40%	30,000		
	PSSA3	0.75%	1,000		
	USIM5	1.15%	20,000		
	VALE3	0.40%	8,500		
VVAR3	1.50%	9,000			

083/2018-PRE

Market makers are required to register bids and asks for the first contract month authorized for trading until the fifth business day before its expiration. On the fourth and third business day prior to this expiration date, market makers are required to trade in the rollover. Thereafter they are obliged to trade in the subsequent contract month.

### **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 parameters and/or of the obligations set forth in this Circular Letter and in the accreditation instrument, or if the justification is not accepted by B3.

### **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 the (i) registration fees, (ii) settlement fees and (iii) permanence fees, if any, on their trades in any contract months of the futures in this program. The same exemption will apply to trades in the underlying stocks or units executed for hedging purposes, provided such trades comply with the criteria and limits defined in the fee policy set forth in the Annex to this Circular Letter.

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.

083/2018-PRE

### **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 2565-4218/5338/5185 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

## Annex to Circular Letter 083/2018-PRE

### Fee Policy for Market Makers in Single Stock and Unit Futures

#### 1. Conditions for market maker eligibility

This fee policy applies only to market makers accredited by B3 for this program, subject to their compliance with the requirements described below.

#### 2. Applicable fees

Market makers will be exempted from exchange fees, and from the registration fees, settlement fees and permanence fees on their buy and sell orders for the Single Stock and Unit Futures in which they are accredited to trade.

#### 3. Exemption from fees on hedge trades

No exchange fees or settlement fees will be due on hedge trades in the stocks and units that are the underlyings for the futures in which market makers are accredited to trade, provided such trades are executed in accordance with the criteria and limits defined in items (a) and (b) below (exemption from fees on hedge trades).

##### a) Limit for exemption from fees on hedge trades

Market makers will be exempted from fees on hedge trades only if:

- (i) the total quantity of buy and sell orders for stocks and units executed for hedging purposes in the account designated for market maker activity as per item (b) below does not exceed the same-day (T0) quantity of offsetting sell and buy orders for the Single Stock and Unit Futures in which the market maker is accredited to trade, or the next-day (T+1) quantity of such orders if the futures are held to expiration.

083/2018-PRE

If a market maker surpasses the limit defined in item (i) on one or more days, the exchange and other fees specified in the fee policy for the cash equity market products concerned will be charged on the daily excess volume. In this case, distinctions for day trade volume will not apply, nor will any other incentive offered by B3.

The daily excess volume will be defined by multiplying the excess quantity by the average price of the asset traded by the market maker on the day.

The exchange fees and settlement fees arising from the total daily excess volumes in the month must be paid in full by the market makers concerned on the second business day of the following month.

#### **b) Account for hedge trade fee exemption**

To be eligible for hedge trade fee exemption, market makers must designate a specific account solely for the settlement of hedge trades relating to Single Stock and Unit Futures, regardless of the number of accounts they use overall in their market making activities.

#### **4. General provisions**

If a market maker is deaccredited from this program by B3 or requests deaccreditation 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 deaccreditation.

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