



July 21, 2020

004/2020-VPC

## **C I R C U L A R   L E T T E R**

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

Re: **Change to the Operating Procedure for Remuneration in Credits within the Market Maker Program for Single Stock and Unit Futures.**

Seeking to improve the operating procedure for market makers who opt to receive remuneration in credits, we hereby inform you of a change to the Incentive Program for Market Makers in Single Stock and Unit Futures, contained in the Accreditation Process for Market Makers in Single Stock and Unit Futures announced in Circular Letter 042/202-PRE, dated April 2, 2020.

The credits now directly and exclusively apply to fees for the financial instrument that the market maker has selected for receiving the benefit in the settlement account designated by the participant. It is also no longer mandatory to register an account solely for the incentive program.

This Circular Letter revokes and substitutes Annex I of Circular Letter 042/2020-PRE, dated April 2, 2020.

The Accreditation Process for Market Makers in Single Stock and Unit Futures containing the abovementioned changes is contained in the Annex hereto.



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Further information is available from the Chief Product and Client Officer's team by telephone on +55 11 2565-5026/5870, or by email at [formadordemercadob3@b3.com.br](mailto:formadordemercadob3@b3.com.br).

José Ribeiro de Andrade  
Chief Product and Client Officer

Cícero Augusto Vieira Neto  
Chief Operating Officer

**Annex to Circular Letter 004/2020-VPC****Incentive Program for Market Makers in Single Stock and Unit Futures****1 Eligibility**

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

**2 Incentives****2.1 Awards of Remuneration**

B3 will award remuneration net of taxes to market makers accredited in the program, to be distributed as follows:

- a)** Fixed remuneration: BRL 15,000 for each market maker;
- b)** Variable remuneration: a pool of up to BRL 175,000 (BRL 35,000 per market maker) to be awarded 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:

$P_i$  = award to market maker  $i$ ;

$I_i$  = performance indicator for market maker  $i$ ;

$P_T$  = total award.

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

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

where:

$I_i$  = performance indicator for market maker  $i$ ;

$V_i$  = financial volume traded during the period by market maker  $i$ ;

$V_T$  = total financial volume traded during the program 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.

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

At the discretion of each market maker, the remuneration awarded can be received in cash or credits, net of withholding taxes in compliance with the prevailing tax legislation on the payment date.

Market makers who opt to receive the remuneration in cash will be paid by the last business day of the month after the end of each calculation period.

Market makers who opt to receive the remuneration in credits must designate a settlement account to be used for this purpose. The credits may be used solely to reduce the amount charged by B3 on transactions in the following:

- Ibovespa Futures Contract (IND);
- Mini Ibovespa Futures Contract (WIN);
- U.S. Dollar Futures Contract (DOL);
- Mini U.S. Dollar Futures Contract (WDO);
- One-Day Interbank Deposit Futures Contract (DI1)

In this case, the market maker must choose which of the above financial instruments will receive the benefit. Selecting more than one contract is forbidden.

The credits awarded expire at the end of the month that follows the market maker activity month and cannot be renewed.