

April 25, 2024  
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## CIRCULAR LETTER

Listed B3 Participants

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

B3 hereby informs you that up to seven institutions per asset will be accredited under this program. To participate, the market maker must trade in at least twelve of the eligible assets of the selected group.

The groups of assets eligible for this program are available in the document Single Stock and Unit Futures Market Maker Program Rules, at [www.b3.com.br/en\\_us/Products and Services, Trading, Market maker, Programs – Listed, Futures, Single Stock and Unit Futures](http://www.b3.com.br/en_us/Products_and_Services/Trading/Market_maker/Programs_-_Listed/Futures/Single_Stock_and_Unit_Futures).

B3 may at its sole discretion increase the number of available openings for accreditation, limited to ten openings per asset.

### **Accreditation procedure**

The selected institutions 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 Accreditation Instrument submission can be found in the "Procedures Guide for Accreditation of Market Makers" (Accreditation

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Guide), available at [www.b3.com.br/en\\_us](http://www.b3.com.br/en_us), Products and Services, Trading, Market maker, 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](http://www.b3.com.br/en_us), Products and Services, Trading, Market maker, Programs – Listed, Futures, Single stock and unit futures.

If the number of accreditation requests surpasses the number of openings offered B3 will, at its sole discretion, select the market makers to be accredited or review the maximum number of those accredited.

### Deadlines

Accreditation Instrument filed	Accounts registered	Activity starts	Obligation ends
By May 20, 2024	May 20, 2024	May 27, 2024	May 30, 2025

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.

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The list of securities eligible for the program and the respective activity parameters can be found in the document “Single Stock and Unit Futures Market Maker Program Rules” (Rules), available at [www.b3.com.br/en\\_us](http://www.b3.com.br/en_us), Products and Services, Trading, Market maker, Program – Listed, Futures, Single Stock and Unit Futures.

Market makers accredited in this program are required to register bids and asks in the assets accredited 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

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mandatory activity so that they can execute connectivity, session and order routing tests, as well as the necessary technological configurations. During 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 to this program may be cancelled, in one or more assets, in the event unjustified breaches of the activity parameters and/or of the obligations set forth in this Circular Letter, in Circular Letter 084/2023-PRE, dated May 30, 2023, regarding the monitoring of market maker noncompliance, and in the Accreditation Agreement, or if the justification is not accepted by B3. The accreditation agreement is available at [www.b3.com.br/en\\_us](http://www.b3.com.br/en_us), Products and Services, Trading, Market maker, Accreditation, Market Maker Agreement.

### **Performance assessment**

B3 may assess each market maker's performance six months after the start of its activity under this program, comparing the quantity it traded in each asset eligible

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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 for the assets in question.

### **Minimum activity period**

If a market maker withdraws 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 assets accredited in this program, and on trades in the underlying stocks or units performed for hedging purposes, provided the latter transactions comply with the criteria and limits established in the fee policy set out in Annex II to this Circular Letter.

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

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

The traded volume in accounts and assets registered in the program, both for activity and for hedging purposes, is not considered in the day trade daily volume calculation for the purpose of defining the day trade fee tier.

The message flows, trades and volume generated by the accredited institutions will be considered for the purposes of the Trading Message Control Policy, as per Circular Letter 086/2023-PRE, dated May 30, 2023.

### **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 emailing [formadordemercadob3@b3.com.br](mailto:formadordemercadob3@b3.com.br).

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## Annex I to CIRCULAR LETTER 004/2024-VPC

### 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, if they are accredited in at least ten assets in the group selected. Otherwise, the market maker will not be entitled to the incentive, as set forth in item 2 below.

#### 2. Incentives

##### 2.1 Remuneration amounts

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

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$P_i$  is the amount awarded to market maker  $i$

$I_i$  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.

B3 may, if applicable, withhold and collect the taxes incurred at the source on the incentives provided for this Circular Letter for which it is legally the tax responsible.

## **2.2 Forms of remuneration**

B3 will grant credits for use solely to reduce exchange and other fees on transactions involving 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 004/2024-VPC**

### **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:

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- i. does not exceed the volume of the single stock and unit futures contract traded on the same day; or
- ii. does not surpass the quantity of the single stock and unit futures 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.

If the market maker surpasses the above delta hedging limit on one or more days, fees will be charged on the cash market daily excess volume 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 accumulated 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 004/2024-VPC**

### **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.

As an additional form of incentive for the Single Stock and Unit Future Market, the fee benefit of the Stocks, BDRs, ETFs and Investment Funds Market Maker Program will be applicable exclusively to the market makers of this program, provided that they are accredited in both programs and for the same object assets.