January 9, 2020

001/2020-VPC

C I R C U L A R   L E T T E R

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

Re: **New Nonresident Traders Incentive Program – Cycle 2020**.

As of today, B3 will renew the New Nonresident Traders Incentive Program (Cycle 2020 Program), which is effective until **December 31, 2020**.

The Cycle 2020 Program aims to incentivize traders associated with proprietary trading firms based abroad that do not have previous experience in the Brazilian market, to join the markets managed by B3 as described in Annex A of this Circular Letter.

This means that B3 will grant exemptions on exchange fees and other charges on trades with listed contracts (derivatives and cash equities) through a program of points offered to traders.

The eligibility rules, the eligible products, timeframes, calculation conditions and fee policy are foreseen in the Rules of the New Nonresident Traders Incentive Program – Cycle 2020, pursuant to the provisions of Annex A to this Circular Letter.

Further information can be obtained from the International Clients Relationship Area by telephone on +55 11 2565-4808.

José Ribeiro de Andrade   Cícero Augusto Vieira Neto
Chief Product and Client Officer   Chief Operating Officer

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1

Annex A to Circular Letter 001/2020-VPC

Rules of New Nonresident Traders Incentive Program – Cycle 2020

B3 S.A. – Brasil, Bolsa, Balcão (B3), a corporation headquartered in this Capital of the State of São Paulo, at Praça Antonio Prado, 48, 7th floor, enrolled with the Corporate Taxpayer (CNPJ) No. 09.346.601/0001-25, will offer the New Nonresident Traders Incentive Program (Cycle 2020 Program) in accordance with the terms and conditions set forth in these Rules.

1. Eligibility

The participants eligible for the Cycle 2020 Program are proprietary trading firms and traders registered by them, who operate in accordance with the Brazilian legislation and regulation applicable to nonresident investors and who also comply, upon adhering to the Cycle 2020 Program and during its term, with the respective requirements as set out below.

1.1 Eligible firms must:

(i) Be nonresident institutions that trade with their own resources;

(ii) Have at least 50 traders operating in global markets (other exchanges);

(iii) Have day-traded more than 75% of their total trading volume in the last three (3) months before joining the Cycle 2020 Program and while participating in it;

(iv) Not participate and not request participation, during the term of the Cycle 2020 Program, in other Incentive Programs for New Nonresident Investors;

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1/9

(v) Not be registered in the High Frequency Traders program or as Market Maker in the same accounts that will be used for the Cycle 2020 Program;

(vi) Trade solely by unautomated "point and click" strategies without using algorithms in the accounts registered in the Cycle 2020 Program.

1.2 Traders' eligibility

To be registered in the Cycle 2020 Program, traders must obligatorily meet the following conditions:

(i) Have no previous experience in trading the eligible products traded in the markets managed by B3 described in item 2 below. A trader with previous experience is that who has carried out any type of trade involving eligible products in the markets managed by B3;

(ii) Never have participated in this Program before, even representing another firm nor in the Nonresident Traders Incentive Program Cycle 2018 and Cycle 2019, as set forth by Circular Letter 006-2017-DN and 001-2019-VPC, respectively.

1.3 Adhesion to the Cycle 2020 Program

Interested firms shall formally join the Cycle 2020 Program by sending the Firm Instrument of Agreement for B3's assessment as per the template attached hereto as Annex I and available on the extranet at www.bvmfnet.com.br, Regulamentos e Normas, Programa de Incentivo para Novos Operadores Não Residentes (Ciclo 2020).

The Firm Instrument of Agreement must be submitted to B3 by a trading participant (PN) or full trading participant (PNP), which will be responsible for verifying the firm's powers of representation, by filing a request with B3's Serviço de Atendimento at www.bvmfnet.com.br, Catálogo, Programa de Incentivo para Novos Operadores Não Residentes – Ciclo 2020.

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2/9

B3 will analyze the request to join the Program, and once compliance with all requirements has been confirmed, it will inform the requesting PNP or PN of the firm's approval.

1.4 Trader registration

A firm may register up to forty (40) traders while the Cycle 2020 Program is in place. Traders must obligatorily comply with the requirements in item 1.2.

Once a firm is formally accepted as eligible, i.e., after the procedure described in item 1.3, it must request individual registration of each trader who will participate in the Cycle 2020 Program. To this end, the Trader Instrument of Agreement (Annex II to this Circular Letter) must be submitted to B3 by a PNP or PN by filing a request with B3's Serviço de Atendimento at www.bvmfnet.com.br, Catálogo, Programa de Incentivo para Novos Operadores Não Residentes – Ciclo 2020.

B3 will analyze the request to join the Program, and once compliance with all the requirements has been confirmed, it will inform the requesting PNP or PN of the trader's approval.

Each trader must have a trading account (transitory) and a post-trading account (definitive) for individual and non-transferable use to control the benefits granted in the Cycle 2020 Program.

2 Eligible products

On applying for registration, the firm must designate the eligible products for each trader for the purpose of controlling traders' incentives.

Interest rate group

- One-Day Interbank Deposit Futures Contract (DI1)
- DI x IPCA Spread Futures (DAP)
- Structured Transaction of Forward Rate Agreement on DI x U.S. Dollar Spread (FRC)

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3/9

FX group

- U.S. Dollar Futures Contract (DOL)

- Mini U.S. Dollar Futures Contract (WDO)

- Structured US Dollar Rollover Transaction (DR1)

- Structured Mini US Dollar Rollover Transaction (WD1)

Equities group

- Ibovespa Futures Contract (IND)

- Mini Ibovespa Futures Contract (WIN)

- Structured Ibovespa Rollover Transaction (IR1)

- Structured Mini Ibovespa Rollover Transaction (WI1)

- Cash equities (stocks, BDRs, ETFs, units, investment fund shares, subscription bonuses, subscription receipts, subscription rights)

Commodities group

- Gold Futures Contract (OZ1)

- 4/5 Arabica Coffee Futures Contract (ICF)

- Live Cattle Futures Contract (BGI)

- Crystal Sugar Futures Contract (ACF)

- Hydrous Ethanol Futures Contract (ETH)

- Crude Oil Futures Contract (WTI)

- Soybean Futures Contract (SFI)

- Corn Futures Contract (CCM)

3 Timeframe

The incentives will be valid for up to twelve (12) months from B3's approval of trader registration in the Cycle 2020 Program or until all points are consumed, whichever occurs first.

4 Incentive

Each registered trader will be entitled to exemptions on exchange fees and other fees arising from transactions with the eligible products, as described below.

Incentive fee exemptions will be represented by 10,000 points per trader for individual use exclusively in trading eligible products. The substitution of traders during the Cycle 2020 Program is allowed, regardless of the consumption or not of the franchise points.

Each contract traded will correspond to a fixed quantity of points, regardless of the contract's nature, expiration or term, calculated considering the average values for exchange fees, fixed and variable registration fees, permanence fees and settlement fees, in accordance with the table below.

Product	Points per contract
Interest rate group	
DI1	0.15
DAP	0.24
FRC	0.41
FX group	
DOL	0.64
WDO	0.16
DR1	0.68
WD1	0.22
Equities group	
IND	0.27
WIN	0.04

Product	Points per contract
IR1	0.37
WI1	0.08
Commodities group	
BGI	0.63
CCM	0.16
ETH	1.05
ICF	0.70
SJC	0.83
WTI	1.41
OZ1	0.57
ACF	0.35

Product	Points per BRL1.00 traded
Cash equities (stocks, BDRs, ETFs, units, investment fund shares, subscription bonuses, subscription receipts, and subscription rights)	0.000065

Once approved for the Program, a trader may request inclusion of other eligible products for incentive purposes by resubmitting the Trader Instrument of Agreement according to the procedure described in item 1.4. In this case, B3 will decide at its sole discretion whether to accept the changes. It is important to note that no change will be allowed to the trader's link to the Cycle 2020 Program and the number of points already used.

5 Calculation of points and fee policy

B3 will keep track of daily use of the available points. Upon completion of the 12-month timeframe for using the incentive, or upon full use of the points available, whichever comes first, B3 will resume charging all the exchange and other fees applicable to each transaction executed on a trader's account according to the fee schedule in place.

Additionally, the firms that participated in the Cycle 2018 and or Cycle 2019 Program must maintain, on a quarterly basis, a maximum correlation of 50%

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6/9

between the total number of contracts (among eligible products) traded in accounts benefited by the incentive and points used in regular accounts during the course of the Cycle 2020 Program. This rule does not apply to firms that are joining the program for the first time.

In the event of noncompliance with the requirements of the Cycle 2020 Program, the exchange fees and other fees corresponding to the points used by all the firm's traders will be charged retroactively, with each point corresponding to USD1.00 (one United States Dollar), converted at the exchange rate (PTAX sell) for the last business day prior to the billing date. Noncompliance with the eligibility requirements will also result in exclusion of the firm and all its traders from the Program.

The firm must specify in the Instrument of Agreement in which account the retroactive value must be charged.

Example

Suppose that at the end of the 10th month of participation in the Program, a trader given 10,000 points has traded the following quantities of contracts:

Product	Traded Contracts	Status
DI1	10,000	10,000 x 0.15 = 1,500 points
DOL	5,000	5,000 x 0.64 = 3,200 points

At the end of the 10th month of participation, the trader has spent 4,700 points out of a total discount of 10,000 points and has 5,300 points available for use within the following two (2) months.

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7/9

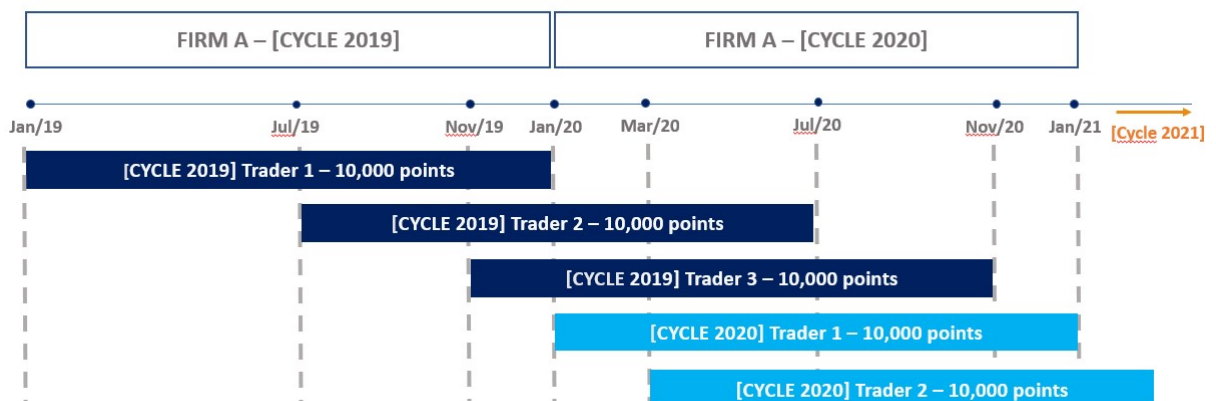## 6 Traders registered in the Cycle 2018 and 2019 of the Program

The firms that participated in the Cycle 2018 and or Cycle 2019 of the Program must submit the Instrument of Agreement related to the Cycle 2020 Program to include new traders.

The traders registered in the Cycle 2019 of the Program will continue to be subject to the rules described in Circular Letter 001-2019-VPC.

At any given time, traders of up to two cycles of the program may coexist under the same firm. In this case, there may be a number of traders per firm greater than 40.

Example

Suppose that the same firm participates in both the Cycle 2019 Program and the Cycle 2020 Program. Its traders will be subject to the rules of the cycle in which they are registered.

In the scenario above, firm A will have traders registered under the rules of both the Cycle 2019 Program and Cycle 2020 Program simultaneously between January 2020 and November 2020.

7 Final provisions

Each firm must agree to provide B3 or a designated third party, via the PN or PNP responsible for the firm's enrollment in the Cycle 2020 Program, with any information or reports that contain data proving the firm's or the trader's compliance with the requirements and rules of the Cycle 2020 Program, and must agree to provide access to its premises for audits of documents and records, if necessary.

To exit the program before the end of the term, the firm must send the Instrument of Voluntary Unsubscription of the Agreement as per the template attached hereto as Annex III and available on the extranet at www.bvmfnet.com.br, Regulamentos e Normas, Programa de Incentivo para Novos Operadores Não Residentes (Ciclo 2020). The unsubscription will imply immediately, once the request is concluded, (i) the automatic cancellation of the registration of all traders of the Firm in connection with the Program, (ii) the cancellation of any sort of incentive, exemption and/or benefit granted by B3, (iii) the loss of the benefits under the above-mentioned Program and (iv) that B3 will charge the applicable fees and emoluments in accordance with the current pricing policy.

The Instrument of Voluntary Unsubscription of the Agreement must be submitted to B3 by a trading participant (PN) or full trading participant (PNP), which will be responsible for verifying the firm's powers of representation, by filing a request with B3's Serviço de Atendimento at www.bvmfnet.com.br, Catálogo, Programa de Incentivo para Novos Operadores Não Residentes – Ciclo 2020.

Annex I to Circular Letter 001/2020-VPC

Instrument of Agreement to the New Nonresident Traders Incentive Program – Cycle 2020

By the present instrument, [CORPORATE NAME OF THE FIRM], headquartered at [ADDRESS], under Corporate Taxpayer number (CNPJ) 0000000000, herein represented by [NAME, ADDRESS AND TAXPAYER ID OF REQUESTING PNP OR PN], hereby states that it has read and understood the Rules of the New Nonresident Traders Incentive Program and that it undertakes to respect and comply with all the procedures and rules contained therein, being aware that noncompliance with any of these procedures or rules shall result in the loss of the incentive and in retroactive charges as described in item 5 of the aforementioned Rules.

Account to be used for retroactive charges (if any):

Applicant's email address:

[place], [date]

_____

[Name and signature of the firm]

_____

[Name and signature of the Trading Participant (PN) or Full Trading Participant (PNP)]

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1/1

Trader Instrument of Agreement to the New Nonresident Traders Incentive Program – Cycle 2020

A soft copy of the trader's passport or equivalent ID must accompany all the applications.

Surname: _____

First name:_____

Date of birth: (MM/DD/YYYY)_____

Place of birth:_____

Country of origin: _____

No. of passport or equivalent document:_____

Time of experience in listed markets trading:_____

Professional background as a trader in other markets (if applicable):

1. Period, Market, Products: _____

2. Period, Market, Products: _____

Company:_____

Location:_____

Definitive and Transitory Accounts to be used in the Cycle 2020 Program: _____

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1/3

Select the products that will be part of the Cycle 2020 Program:

(   ) One-Day Interbank Deposit Futures Contract (DI1)

(   ) DI x IPCA Spread Futures (DAP)

(   ) Structured Transaction of Forward Rate Agreement on DI x U.S. Dollar
   Spread (FRC)

(   ) U.S. Dollar Futures Contract (DOL)

(   ) Mini U.S. Dollar Futures Contract (WDO)

(   ) Structured US Dollar Rollover Transaction (DR1)

(   ) Structured Mini US Dollar Rollover Transaction (WD1)

(   ) Ibovespa Futures Contract (IND)

(   ) Mini Ibovespa Futures Contract (WIN)

(   ) Structured Ibovespa Rollover Transaction (IR1)

(   ) Structured Mini Ibovespa Rollover Transaction (WI1)

(   ) Gold Futures Contract (OZ1)

(   ) 4/5 Arabica Coffee Futures Contract (ICF)

(   ) Live Cattle Futures Contract (BGI)

(   ) Crystal Sugar Futures Contract (ACF)

(   ) Hydrous Ethanol Futures Contract (ETH)

(   ) Crude Oil Futures Contract (WTI)

(   ) Soybean Futures Contract (SFI)

(   ) Corn Futures Contract (CCM)

(   ) Cash Equities (stocks, BDRs, ETFs, units, investment fund shares,
   subscription bonuses, subscription receipts, and subscription rights)

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2/3

Attestation and Authorization:

I hereby acknowledge and agree to abide by the requirements of the New Nonresident Traders Incentive Program – Cycle 2020. I also agree to comply with all the rules, regulations and policies of B3.

[place], [date]

_____

[Name and signature of the trader]

_____

[Name and signature of the firm]

_____

[Name and signature of the Trading Participant (PN) or Full Trading Participant (PNP)]

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3/3

Annex III to Circular Letter 001/2020-VPC

Instrument of Voluntary Unsubscription of the Agreement to the New Nonresident Traders Incentive Program – Cycle 2020

By the present instrument, [CORPORATE NAME OF THE FIRM] (Firm), headquartered at [ADDRESS], under Corporate Taxpayer number (XXX), herein represented by [NAME, ADDRESS(S) AND TAXPAYER ID OF REQUESTING PNP OR PNP], hereby states that it has joined the New Nonresident Traders Incentive Program – Cycle 2020 (Program) on [mm, dd 2020] and have complied with all the provisions of the Program Rules, B3's regulations, as well all the procedures, requirements and rules contained therein and, hereby requests by this instrument of Voluntary Unsubscription of the Agreement to the New Nonresident Traders Incentive Program – Cycle 2020 (Instrument of Voluntary Unsubscription of the Agreement), spontaneously request by own free will and choice my disconnection of the Program.

The Firm hereby states that the above mentioned unsubscription will result, as from the moment of the signature of this instrument, (i) the automatic cancellation of the registration of all traders of the Firm in connection with the Program, (ii) the cancellation of any sort of incentive, exemption and/or benefit granted by B3, (iii) the loss of the benefits under the above-mentioned Program and (iv) that B3 will charge the applicable fees and emoluments in accordance with the current pricing policy.

The Firm hereby states that it has already notified all of its traders registered in the Program about this Instrument of Voluntary Unsubscription of the Agreement and of all the consequences expressed above, and shall be liable for any and all damages resulting from the absence and/or incompleteness of the information set forth in this Instrument of Voluntary Unsubscription of the Agreement.

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1/2

Applicant's e-mail address:

[place], [date]

_____

[Name and signature of the firm]

_____

[Name and signature of the Trading Participant (PN) or Full Trading Participant (PNP)]