

November 28, 2023  
200/2023-PRE

## CIRCULAR LETTER

Listed B3 Participants

Re.: **Accreditation Process for the Market Maker Program in Options on Brazilian Depositary Receipts (BDRs)**

B3 hereby informs you that in up to three market makers will be accredited in this program for options on the assets, as listed below.

AAPL34 – Apple Inc.	MSFT34 – Microsoft Corporation
AMZO34 – Amazon.com Inc.	NFLX34 – Netflix Inc.
BABA34 – Alibaba Group	NVDC34 – Nvidia Corporation
GOGL34 – Alphabet Inc.	PYPL34 – PayPal Holdings Inc.
MELI34 – Mercadolibre Inc.	TSLA34 – Tesla Inc.
M1TA34 – Meta Platforms Inc.	XPBR31 – XP Inc.

### Accreditation procedure

The selected institutions must formalize accreditation for the options concerned by signing the Instrument of Accreditation by the deadline stipulated in this Circular Letter.

Guidance on filing the Instrument of Accreditation can be found in the Procedures Guide for the Accreditation of Market Makers (Procedures Guide), available at [www.b3.com.br/en-us/](http://www.b3.com.br/en-us/), Products and Services, Trading, Market maker, Join in, Accreditation.

200/2023-PRE

Institutions that have not yet signed the Market Maker Agreement with B3 must follow the procedures outlined in chapters 4, 5 and 6 of the Procedures Guide.

A specific Instrument of Accreditation for this Program is available at [www.b3.com.br/en\\_us/](http://www.b3.com.br/en_us/), Products and Services, Trading, Market maker, Join in, Options on Brazilian Depositary Receipts (BDRs).

### Timetable

Expression of interest filed	Account registration	Activity starts	Obligation ends
By Dec. 6, 2023	Dec. 6, 2023	Dec. 18, 2023	Dec. 16, 2024

B3 may at its sole discretion assess accreditation applications submitted after these deadlines, provided the delay is duly justified.

### Parameters and activity

Market makers accredited for this program must enter bids and asks in accordance with the trading parameters defined by B3.

The list of options eligible for the program and the respective activity parameters can be found in the document Rules for Activity by Market Makers in Options on BDRs, [www.b3.com.br/en\\_us/](http://www.b3.com.br/en_us/), Products and Services, Trading, Market maker, Join in, Programs, Options on Brazilian Depositary Receipts (BDRs).

Market makers are required to trade for at least ten minutes in the last thirty minutes of each trading session. They are also required to register bids and asks until the fifth business day before expiration of the first contract month available for trading. As of the fourth business day before these dates, they are not obliged

200/2023-PRE

to trade in the first contract month, but must trade in the next two 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.

The mandatory series and rules for market maker selection are available at [www.b3.com.br/en\\_us](http://www.b3.com.br/en_us), Products and Services, Trading, Market maker, Derivatives, Options on Brazilian Depositary Receipts (BDRs).

### **Test period**

Market makers may enjoy the benefits specified below without having to observe the required activity parameters for up to ten (10) business days after the start of their mandatory activity so that they can perform connectivity, trading session and order routing tests, as well as the necessary technological configurations. During the test period, the performance of the market makers will be monitored and any non-conformities will be waived.

## **De-accreditation**

In the event of de-accreditation of market makers accredited to the program, B3 may select other institutions that have expressed interest in the assets concerned to replace the discredited institutions.

Accreditation and de-accreditation of market makers will always be disclosed to market 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 event of breaches of the activity parameters and/or of the obligations set forth in this Circular Letter and in Circular Letter 084/2023-PRE, dated May 30, 2023, regarding the rules for monitoring market maker noncompliance, and in the Market Maker Accreditation Agreement, or if the justification is not accepted by B3. The Agreement is available at [www.b3.com.br/en\\_us](http://www.b3.com.br/en_us), Products and Services, Trading, Market maker, Join In, Contracts.

## **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 this period, it must comply with the thirty-day activity requirement without fail so that its de-accreditation can be communicated to the market.

200/2023-PRE

## **Benefits**

Market makers will be exempt from exchange fees and other fees on trades in all option series, including non-mandatory series.

They will also be exempt from payment of exchange fees and other fees on trades in the option underlyings performed in the cash markets for the purpose of delta hedging in the same trading session as the options.

For the purposes of this program, the delta hedging percentage considered will be fifty per cent (50%) of the notional value of the cash contract for options on all series of the underlying security on the day it is calculated.

Market makers that exceed the above delta hedging limit on one or more days will have to fees on the daily excess volume in the cash market as describe in the Annex hereto.

Excess volume will be defined by multiplying the excess quantity by the average price of the security traded by the market maker on the day in question.

Market makers will be responsible for paying the full amount of the exchange fees and other fees on daily excess volumes accumulated in any given month on the second business day of the subsequent month.

Furthermore, in order to be eligible for exemption from fees on delta hedging, market makers must designate a specific account to be used solely for the purpose of delta hedging with respect to the options for which they are accredited, regardless of the number of accounts they may use to perform their market making activities.

200/2023-PRE

The traded volume in accounts and registered assets in the program, both for activity in the program and for hedging purposes, is not considered in calculation of the day trade volume for purposes of defining the fee tier for day trades in the cash equities market or the options market.

The flow of messages, trades and volumes generated by accredited institutions will not 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.

### **General provisions**

If accreditation requests exceed the number of openings, B3 will at its sole discretion select the market makers to be accredited.

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

Further clarification can be obtained from the Listed Products Department by calling +55 11 2565-5661, or by emailing [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 200/2023-PRE**

### **Fee structure for the excess day trade volume and excess non-day trade volume charged on excess equity options**

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

Calculations of excess day trade and excess non-day trade volume of the underlying asset, in the designated account, are defined daily as:

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

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

Where:

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

#### **2. Application of the trading and settlement fees on the excess volumes**

The trading fee and settlement fee are charged on the daily excess day trade volume and daily excess non-day trade volume as foreseen for the cash market.

The exchange fees and other fees charged on the excess are accumulated and executed in the month following that of trading.

200/2023-PRE



The entire volume (exempted or charged a fee as excess) of the asset in the account registered in this program is not considered in the composition of ADTV, which daily defines the trading fee and settlement fee for the day trade volumes.

Fee benefits of other programs introduced by B3 are not applied to the excess volumes in the accounts registered in this program.