

December 19, 2023  
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## CIRCULAR LETTER

Listed B3 Participants

Re.: **Accreditation Process for the Market Maker Program in Options on Single Stocks, Units, ETFs and Options on the Bovespa Index (IBOV11) – July Tranche**

B3 hereby informs you of a change to the fee policy for hedging transactions in the Program for Market Makers in Options on Single Stock, Units, ETFs and Options on the Bovespa Index, in accordance with Annex III of this Circular Letter, which will be valid for charging purposes as of **December 2023** and the inclusion of the Policy for the Control of Trading Messages, as set forth in Circular Letter 086/2023-PRE, dated May 30, 2023. The other characteristics of the program remain unchanged.

This Circular Letter revokes and substitutes Circular Letter 072/2023-PRE, dated May 11, 2023.

B3 also informs you hereby about the accreditation process for this program. Up to eight market makers will be accredited for: options on assets with individual accreditation (Table 1) and put options on PETR3, VALE3 and combo (Table 2).

B3 may, at its sole discretion, increase the number of openings available for accreditation, limited to 10 openings per ticker, where institutions will be selected

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respecting the ranking of this selection process in accordance with Annexes of this Circular Letter.

**Table 1. Options on Single Stocks, Units, ETFs and the Bovespa Index for Individual Accreditation**

AZUL4 – Azul S.A.	IBOV11 - Índice Bovespa
BBAS3 – Banco do Brasil S.A.	ITSA4 – Itaúsa S.A.
BBDC4 – Banco Bradesco S.A.	IRBR3 – Brasil Resseguros S.A.
BHIA3 – Grupo Casas Bahia S.A.	MGLU3 – Magazine Luiza S.A.
BOVA11 – Cotas de ETF iShares Ibovespa	MRFG3 – Marfrig S.A.
BRAP4 – Bradespar S.A.	PETR3 – Petrobras
COGN3 – Cogna Educação S.A.	RAIL3 – Rumo S.A.
CSNA3 – Cia. Siderúrgica Nacional	SUZB3 – Suzano S.A.
GGBR4 – Gerdau S.A.	VBBR3 – Vibra Energia S.A.

**Table 2. Put options on PETR4, VALE3 and combo**

Put option on PETR4 – Petrobras	Put option on VALE3 – Vale S.A.
BBDC3 – Banco Bradesco S.A.	GOAU4 – Metalúrgica Gerdau S.A.
BBSE3 – BB Seguridade S.A.	HYPE3 – Hypera S.A.
BRKM5 – Braskem S.A.	MULT3 – Multiplan Empreendimentos Imobiliários S.A.
CYRE3 – Cyrela Brazil Realty S.A. Empreendimentos e Participações	PCAR3 – Companhia Brasileira de Distribuição
EGIE3 – Engie Brasil Energia S.A.	RADL3 – Raia Drogasil S.A.
ELET6 – Centrais Elétricas Brasileiras S/A	TAE11 – Transmissão Aliança de Energia Elétrica S.A.
EMBR3 – Embraer S.A.	YDUQ3 – Yduqs Participações S.A.

EQTL3 – Equatorial Energia S.A.	
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### **Selection procedure**

Institutions that wish to take part in the program must request accreditation by emailing the Expression of Interest form, completed with their name and other details, and specifying the options for which they wish to act as market makers, to [formadordemercadob3@b3.com.br](mailto:formadordemercadob3@b3.com.br) by the deadline shown below.

The Expression of Interest form is available at [www.b3.com.br/en\\_us](http://www.b3.com.br/en_us), Products and Services, Trading, Market maker, Join in, Programs, Options on Single Stocks and Options on Bovespa Index (IBOV11) – July Renewal.

After receiving the Expression of Interest forms, B3 will allocate the institutions selected to each of the options designated in their respective Expressions of Interest, considering the number of openings offered, and will then announce the institutions selected for each option.

If the number of Expressions of Interest exceeds the number of openings, B3 will select the market makers by means of the procedures described in the Annexes to this Circular Letter – one for options on single stocks, units and ETFs to be accredited individually and the other for put options on PETR4 and VALE3 + combo.

Having completed the selection process, B3 will announce individually the institutions selected for the program and the ranking of all the institutions that participated in the process. The names of all the accredited institutions will be announced publicly on the first day of their activities under the program.

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## Timetable

Expression of Interest filed	Selected market makers announced	Accreditation Instrument filed	Accounts registered	Activity starts	Obligation ends
By May 26, 2023	June 05, 2023	By June 19, 2023	June 19, 2023	July 03, 2023	June 28, 2024

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.

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 Single Stocks and Options on Bovespa Index (IBOV11), available at [www.b3.com.br/en\\_us](http://www.b3.com.br/en_us), Products and Services, Trading, Market maker, Join in, Programs, Options on Single Stocks and Options on Bovespa Index (IBOV11) – July Renewal.

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 and before expiration of the first quarterly contract, if any. As of the fourth business day before these dates, they are not obliged to trade in the first contract month or quarterly contract, if any, but must trade in the next contract months authorized for trading.

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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, Mandatory series, Options on equities and indices.

### **Test period**

Market makers enjoy the benefits specified below without having to observe the activity parameters for up to ten business days prior the start of their mandatory activity so that they can execute connectivity, session and order routing tests, as well as the necessary technological configurations. Market makers that need this period must notify B3 of their activity accounts at least ten business days before the start of their activity under the program. 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 in this program, B3 may select other institutions that have expressed interest in the options 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 under this program may be cancelled in the case of non-compliance with the parameters and/or obligations set forth herein, or in Circular Letter 084/2023-PRE, dated May 30, 2023, regarding the rules for monitoring market maker non-compliance, or in the Market Maker Accreditation Agreement, in a way that is either unjustified or whereby B3 does not accept the justification given. 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, Options

## **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.

## **Benefits**

Market makers will be exempt from exchange fees and other fees on trades in all series of put options on PETR4 and VALE3, and in all series of other options, including non-mandatory series.

They will also be exempt from payment of exchange and other fees on trades in the option underlying 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 single stocks, units and ETFs, or of the notional value of the futures contract for options on the Bovespa Index (IBOV11), to be applied to the quantity of options traded for 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 pay the fee on the daily excess volume in the cash equity market described in Annex III 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.

If a market maker exceeds the above delta hedging limit on one or more days, the excess futures contracts will be subject to payment of the lowest tier in the fee structure in effect for the Ibovespa futures contract.

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In both cases of excessive delta hedging, there will be no incentives based on investor type, volume or day trading, and any other incentives B3 may introduce in future will not apply.

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.

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

The flow of messages, trades and volumes generated by accredited institutions will 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**

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



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Further information can be obtained from the Electronic Trading Department by calling +55 11 2565-5025, or by emailing [formadordemercadob3@b3.com.br](mailto:formadordemercadob3@b3.com.br).

Gilson Finkelsztain  
Chief Executive Officer

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Chief Product and Client Officer

## **Annex I to CIRCULAR LETTER 211/2023-PRE**

### **Selection process for options to be individually accredited**

#### **1. Eligibility**

Only institutions that file a properly completed Expression of Interest form in accordance with this Circular Letter will be considered eligible for the selection process.

#### **2. Selection model**

The eight openings available for accreditation of market makers under this program will be divided into two selection methods:

- Two openings reserved for the primary allocations; and
- Six openings reserved for secondary allocation.

If the two openings reserved for the primary allocations are not filled, the remaining opening or openings will be offered to secondary allocations in order to maximize the number of market makers accredited for this program.

If there are no market makers accredited to the previous program or in a position to launch a new security for this program, the primary allocation opening will be offered to secondary allocation candidates.

If there is an increase in the number of vacancies for equity options with individual accreditation, the vacancies will be filled according to the ranking defined by the scoring system.

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## 2.1 Primary allocation

To be eligible for primary allocations, institutions:

- Must have been accredited for the security under the previous market maker program; and
- Must have expressed an interest in the securities present in the program.

Selection for the primary allocations will be based on the variables shown below, with their respective weightings:

- **Maker ADV:** share of trading in the option by all interested institutions in the six months prior to the start of the selection process, considering only trades executed via maker orders (50%); and
- **Performance:** performance in terms of market maker activity for the security under the previous program and considering activity since the start of the program (50%).

B3 will announce the institutions preselected for primary allocation after the period for filing the Expression of Interest form.

For a preselected institution to be eligible for accreditation to the program, its offer in the spread auction must respect the program spread defined in the secondary allocation auction. If the offer made in the auction exceeds the program spread, the institution must advise B3 whether it agrees to operate with the program spread. If it does not, the opening will automatically be offered for secondary allocation, and the institution will compete with the other institutions.

## 2.2 Secondary allocations

Institutions not selected for primary allocation may be selected for secondary allocation on the basis of a scoring system in which those with the highest scores will be accredited for the program.

To calculate each interested institution's score, B3 will analyze the variables shown below with their respective weightings:

- **Spread auction:** each institution bids a spread that must be equal to or better than the maximum spread determined by the rules of the program (33%);
- **Total securities:** the number of options for which the institution wishes to be accredited under this program (12%). Each option is weighted differently in accordance with the Expression of Interest, available at [www.b3.com.br/en\\_us](http://www.b3.com.br/en_us), Products and Services, Trading, Market maker, Join in, Programs, Options on Single Stocks and Options on Bovespa Index (IBOV11) – July Renewal;
- **ADV:** share of trading in the option by all interested institutions in the six months prior to the start of the selection process, considering trades executed via maker orders (weighted 2 in the score) and taker orders (weighted 1) (33%); and
- **Performance:** performance in terms of market maker activity for the security under the previous program and considering activity since the start of the program (22%).

The institutions with the highest scores will be selected.

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The spread for market makers in the program will be subject to the highest spread offered by the institutions selected for secondary allocation and will be updated when the selected market makers are announced.

Institutions must state their proposed spread in the Expression of Interest, based on the reference parameters defined by B3 in the Rules for Activity by Market Makers in Options on Single Stocks, available at [www.b3.com.br/en\\_us](http://www.b3.com.br/en_us), Products and Services, Trading, Market maker, Join in, Programs, Options on Single Stocks and Options on Bovespa Index (IBOV11) – July Renewal.

The proposals filed by institutions will be confidential at all times.

## **Annex II to CIRCULAR LETTER 211/2023-PRE**

### **Selection process for put options on PETR4, VALE3 and combo**

#### **1. Eligibility**

Only institutions that file a properly completed Expression of Interest form in accordance with this Circular Letter will be considered eligible for the selection process.

#### **2. Selection model**

The eight openings available for accreditation of market makers under this program will be divided into two selection methods:

- Two openings reserved for the primary allocations; and
- Six openings reserved for secondary allocations.

If the two openings reserved for the primary allocations are not filled, the remaining openings will be offered for secondary allocations in order to maximize the number of market makers accredited for this program.

If there are no market makers accredited for a security to the previous program or in a position to launch a new security for this program, the primary allocation opening will be offered to secondary allocation candidates.

If there is an increase in the number of vacancies for the put options on PETR4, VALE3 and combo, the vacancies will be filled according to the ranking defined by the scoring system.

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## 2.1 Primary allocation

To be eligible for primary allocations, institutions:

- Must have been accredited for the security under the previous market maker program; and
- Must have expressed an interest in the securities present in the program.

Selection for the primary allocations will be based on the variables shown below, with their respective weightings:

- **Maker ADV:** share of trading in the option by all interested institutions in the six months prior to the start of the selection process, considering only trades executed via maker orders (50%); and
- **Performance:** performance in terms of market maker activity for the security under the previous program and considering activity since the start of the program (50%).

B3 will announce the institutions preselected for primary allocation after the period for filing the Expression of Interest form.

For a preselected institution to be eligible for accreditation to the program, its offer in the spread auction must respect the program spread defined in the secondary allocation auction. If the offer made in the auction exceeds the program spread, the institution must advise B3 whether it agrees to operate with the program spread. If it does not, the opening will automatically be offered for secondary allocation and the institution will compete with the other institutions.

## 2.2 Secondary allocations

Institutions not selected for primary allocation may be selected for secondary allocation on the basis of a scoring system in which those with the highest scores will be accredited for the program.

To calculate each interested institution's score, B3 will analyze the variables shown below with their respective weightings:

- **Spread auction:** each institution bids a spread that must be equal to or better than the maximum spread determined by the rules of the program (33%);
- **Total securities:** the number of options for which the institution wishes to be accredited under this program (12%). Each option is weighted differently in accordance with the Expression of Interest, available at [www.b3.com.br/en\\_us](http://www.b3.com.br/en_us), Products and Services, Trading, Market maker, Join in, Programs, Options on Single Stocks and Options on Bovespa Index (IBOV11) – July Renewal;
- **ADV:** share of trading in the option by all interested institutions in the six months prior to the start of the selection process, considering trades executed via maker orders (weighted 2 in the score) and taker orders (weighted 1) (33%); and
- **Performance:** performance in terms of market maker activity for the security under the previous program and considering activity since the start of the program (22%).

A single final score will be reached, with the combo options and the put options on PETR4 and VALE3 accounting for the following proportions:



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- Put on PETR4:  $\frac{1}{4}$  of final score;
- Put on VALE3:  $\frac{1}{4}$  of final score; and
- Combo options:  $\frac{1}{2}$  of final score.

The institutions with the highest scores will be selected.

The spread for market makers in the program will be subject to the highest spread offered by the institutions selected for secondary allocation and will be updated when the selected market makers are announced.

Institutions must state their proposed spread in the Expression of Interest, based on the reference parameters defined by B3 in the Rules for Activity by Market Makers in Options on Single Stocks, available at [www.b3.com.br/en\\_us](http://www.b3.com.br/en_us), Products and Services, Trading, Market maker, Join in, Programs, Options on Single Stocks and Options on Bovespa Index (IBOV11) – July Renewal.

The proposals filed by institutions will be confidential at all times.

## **Annex III to CIRCULAR LETTER 211/2023-PRE**

### **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; and
- 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.

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

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composition, which daily defines the trading and settlement fees for day trade volumes.

Fee benefits and other B3 programs are not applicable on the excess volumes in the accounts registered in this program.