

June 14, 2018
026/2018-PRE

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

Revoked by Circular Letter No. 118-2020-PRE, of September 17, 2020

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

Re: **Incentive Program for Trading by High-Frequency Traders (HFTs) in One-Day Interbank Deposit Futures (DI1).**

We hereby inform you that the HFT DI Short Vertices Program will come into effect on **July 2, 2018**, for duly registered investors approved by B3 as HFTs, as an incentive for trading in One-Day Interbank Deposit Futures (DI1) for short vertices (from the first to the twelfth contract month).

The HFT DI Short Vertices Program will be valid for 12 months. Its duration may be extended or suspended at any time on the basis of criteria established solely by B3.

Details of the requirements for the HFT DI Short Vertices Program and the Program's benefits can be found in the Annex to this Circular Letter.

To enable participants to replicate the calculations in their systems, fee benefits will be communicated during the trading session on the relevant day in messages bvmf.177.01 and bvmf.178.01. The layout of these messages is available at www.bvmfnet.com.br, *Manuais, Clearing BM&FBOVESPA, Catálogo de Mensagens e Arquivos*, pursuant to the latest update issued in External Communication 007/2018-VOP on February 2, 2018.

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Participants can validate messages and any flows they consider necessary. Participants interested in performing tests in the certification environment should contact the Testing & Certification Center (CTC) by email at cert@b3.com.br.

Please also note that the new functionalities for applying fee benefits will be treated by Sinacor.

Further information can be obtained from the Client Relations Department by telephone on +55 11 2565-7600.

Gilson Finkelsztain
Chief Executive Officer

José Ribeiro de Andrade
Chief Product and Client Officer

Annex to Circular Letter 026/2018-PRE

Incentive Program for Trading by High-Frequency Traders (HFTs) in One-Day Interbank Deposit Futures (DI1)

1. Accreditation

Investors interested in participating in the HFT DI Short Vertices Program should request inclusion in the program by the full trading participant (FTP) or settlement participant (SP) under which their trades are settled and by which their positions are carried.

Participants are responsible for submitting requests on behalf of investors to B3's Serviço de Atendimento and must also sign and file the Statement of Adhesion, available at www.bvmfnet.com.br, *Regulamentos e Normas*, High Frequency Trader.

The Participant is responsible for assuring the veracity of the investor's signature and for verifying powers, where necessary.

All requests for inclusion in the HFT DI Short Vertices Program will be analyzed by B3, which has the authority for a final decision on the admission of new members.

The investor will be included in the HFT DI Short Vertices Program only after B3 approves the request. The Participant will be notified of B3's decision by its Serviço de Atendimento.

For each approved request, application of the Fee Policy will begin in the corresponding period shown in the table below.

Period	Date on which request is sent to B3	Start of application of Fee Policy
1st	By June 20, 2018	July 2, 2018
2nd	By August 6, 2018	September 3, 2018
3rd	By October 5, 2018	November 1, 2018
4th	By December 7, 2018	January 2, 2019
5th	By February 8, 2019	March 1, 2019
6th	By April 5, 2019	May 2, 2019

All other periods follow the structure shown in the table. The request must be sent by the first week of an even month, and application of the Fee Policy starts at the beginning of the next odd month, considering only business days.

Investors who wish to have trades settled through different Participants must ask each one to register them with the HFT DI Short Vertices Program.

Any investor who does not apply for registration under a specific Participant will be treated as a regular investor in the case of that Participant.

B3 reserves the right to deny requests for registration in the HFT DI Short Vertices Program by investors who do not comply with the Program's requirements and objectives, or at its sole discretion. Investors must continue to observe the requirements and/or parameters established by B3 throughout the period in which they remain registered in the HFT DI Short Vertices Program.

In the event of non-compliance with any requirement or parameter, B3 may deregister the investor concerned from the HFT DI Short Vertices Program, communicating the decision to exclude the investor from the Program through the Participant responsible for the investor.

Investors excluded from the Program will be charged the fees applicable to regular investors from the business day after notification of the decision.

It is important to note that performance assessments for each investor in this Program are independent from those applicable to other HFT incentive programs.

1.1. Admission – minimum requirements

For an investor to be accepted in the HFT DI Short Vertices Program, DI1 daily trading volume between the 13th and last contract month must have averaged at least 10,000 contracts, and day trades must have accounted for at least 75% of the total traded in these contract months.

1.2. Maintenance – minimum requirements

Once admitted to the Program, the investor must maintain an average daily DI1 trading volume of at least 10,000 contracts between the 1st and 12th contract months, and day trades must account for at least 90%.

Pursuant to Circular Letter 071/2017-DP, dated November 8, 2017, Annex I, item 3, these requirements can be changed at any time by B3. The updated requirements are available at www.bmfbovespa.com.br/en_us/, Services, Fee Schedules, Listed Equities and Derivatives, Incentive Programs, HFT DI Short Vertices Program.

2. Fee calculation

2.1. Calculating ADV

Calculation of each investor's trading volume in the HFT DI Short Vertices Program will consider the average daily quantity of contracts traded, defined as Average Daily Volume (ADV). Trades in contract months to which a discount applies (from the 1st to the 12th contract month) will not be considered for the purpose of calculating the investor's ADV. Only trading in contracts between the 13th and last contract month will therefore be considered for this calculation. All other steps in calculating ADV will be maintained.

3. Calculating the applicable price

Investors admitted to the HFT DI Short Vertices Program will be eligible for fee benefits on all DI1 contracts traded from the 1st to the 12th contract months, whether the trades in question are regular or day trades. Average cost and unit cost, as well as any incentives, will be calculated in accordance with the Fee Policy in effect for One-Day Interbank Deposit Futures (DI1), pursuant to Circular Letter 084/2014-DP, dated November 13, 2014. The fee schedule is available at www.bmfbovespa.com.br/en_us/, Services, Fee Schedules, Listed Equities and Derivatives, Interest rates and inflation indexes, DI Rates, DI Rates.

Unit costs will continue to be communicated in files BVBG.025, BVBG.031, BVBG.043 and BVBG.044 without application of fee benefits. These will be communicated in message bvmf.178.01 and must be applied to the unit costs stated in the files just listed.

After calculation of average cost and unit cost, and application of incentives, the following fee benefits will be granted:

- Exchange Fee: 70% reduction in the amount calculated, rounded to two decimal places and with a floor of R\$0.01.
- Variable Registration Fee: 70% reduction in the amount calculated, rounded to two decimal places and with a floor of R\$0.01.
- Permanence Fee: no benefit.
- Settlement Fee: no benefit.