

February 15, 2022
004/2022-VPC

CIRCULAR LETTER

Listed B3 Participants

Re.: **Selection and Accreditation Process for Market Makers in Commodity
Futures Contracts**

In this program, up to four market makers will be accredited for each of the futures contracts listed below.

- Cash-Settled Corn (CCM)
- Cash Settled Live Cattle (BGI)
- 4/5 Arabic Coffee (ICF)
- Cash Settled Hydrous Ethanol (ETH)
- Cash-Settled Soybean Futures Contract at the Price of the CME Group Mini-Sized Soybean Futures Contract (SJC)

Selection and accreditation procedure

Institutions that wish to take part in this program must request accreditation by submitting the duly filled in Expression of Interest form containing their personal information and designating the assets of interest to

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formadordemercadob3@b3.com.br, within the deadline given in this Circular Letter.

The Expression of Interest form is available at http://www.b3.com.br/en_us/, at Products and Services, Trading, Market maker, Programs, Commodities.

If the expressions of interest exceed the number of available openings for each asset, selection will occur through the process described in Annex I to this Circular Letter.

Once defined, B3 will individually announce the institutions that have been selected for the program and the classification of all the institutions that participated in the selection process. The public announcement of all the accredited institutions will occur as of the first day of activity of the program.

The selected institutions must formalize accreditation for the assets in question by signing the Accreditation Instrument prior to the deadline given in this Circular Letter.

Guidance on the procedure for returning the Accreditation Instrument is available in the Procedures Guide for the Accreditation of Market Makers (Procedures Guide), available at http://www.b3.com.br/en_us/, Products and Services, Trading, Market maker, Accreditation.

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

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A specific Accreditation Instrument for Market Makers in Commodity Futures Contracts is available at http://www.b3.com.br/en_us/, Products and Services, Trading, Market maker, Programs, Commodities.

Timetables

Filing of Expression of Interest	Filing of Accreditation Instrument and registration of accounts	Start of activity	Review of activity parameters	End of agreement
By Feb. 18, 2022	Feb. 24, 2022	Mar. 8, 2022	Sep. 8, 2022	Mar. 8, 2023

B3 may, at its sole discretion, assess any market maker 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 Activity Parameters for Market Makers in Commodity Futures Contracts defined at http://www.b3.com.br/en_us/, Products and Services, Trading, Market maker, Programs, Commodities.

Market makers are required to register bids and asks until the fifth business day before expiration of the first contract month available for trading. After this, market makers must trade in the following contract month.

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.

For purposes of calculating the trading volume of participants, only those transactions will be considered that comply with the rules and procedures established for B3's futures market, with cancelled transactions and/or those that do not meet the necessary requirements for their execution being disregarded.

Test period

The market makers shall enjoy the following benefits, without complying with the activity parameters, for a period of five business days prior to the start of their mandatory activity, so that they can perform connectivity, session and order routing tests, as well as the necessary technological configurations. After the test period, B3 will monitor the market makers' activity. The market makers that require this period must inform B3 at formadordemercadob3@b3.com.br of the activity accounts at least six business days prior to the start of the program.

Maximum number of parameter breaches

Any market maker's accreditation under this program may be cancelled in the event of more than twelve (12) unjustified breaches of the activity parameters and/or of the obligations set forth in this Circular Letter and in the Market Maker

Agreement (Agreement of Accreditation for Market Maker Activity), or if the justification is not accepted by B3. The Agreement is available at www.b3.com.br/en_us, Products and Services, Trading, Market maker, Contracts, Market Maker Agreement.

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.

Exemption from compliance with obligations

In periods in which there is no trading session on the CME Group electronic trading platform, as well as during public holidays on the New York or Chicago marketplaces, the market makers will be exempted from meeting the activity parameters for the Cash-Settled Soybean Futures Contract at the Price of the CME Group Mini-Sized Soybean Futures Contract (SJC).

Benefits

Accredited institutions will be exempted from exchange fees and other fees on transactions executed with the asset in this program, in any contract month, both for futures and for their respective options.

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There will be an additional benefit for corn (CCM asset) market makers, set out Annex II to this Circular Letter.

General provisions

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

Further information can be obtained from the Listed Products Department by telephone on +55 11 2565 7118/5709 or by email at formadordemercadob3@b3.com.br

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Annex I to CIRCULAR LETTER 004/2022-VPC

Selection Process for Market Makers in Commodity Futures Contracts

The four openings available in each asset for accreditation of the market makers are divided into two selection methods:

- Two openings reserved for primary allocations
- Two openings reserved for secondary allocations

If the openings reserved for 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.

1. Primary allocation

To be eligible for primary allocations, institutions:

- Must have been accredited in the Commodities Market Maker Program governed by Circular Letter 003/2021-VPC, dated January 12, 2021;
- Must have been one of the top performers in the activity period of the previous program.

2. Secondary allocation

Institutions not selected for primary allocation may be selected for secondary allocation on the basis of the following criteria, with the best ranked being selected for accreditation, as set out below:

2.1 To have traded the minimum volume of futures contracts of the candidate asset in 2021, as in the table below.

Asset	Minimum volume
CCM	30,000
BGI	10,000
ICF	5,000
SJC	5,000
ETH	1,500

2.2 If the number of candidates for secondary allocation exceeds the number of openings, the candidates must submit a proposal to improve the spreads presented in this program.

The institutions that wish to take part in this program should seek guidance on filing the Accreditation Instrument in the Procedures Guide for the Accreditation of Market Makers (Procedures Guide), available at [http://www.b3.com.br/en_us/Products and Services, Trading, Market maker, Accreditation](http://www.b3.com.br/en_us/Products_and_Services/Trading/Market_maker/Accreditation).

Annex II to CIRCULAR LETTER 004/2022-VPC

Additional benefit for corn (CCM) market makers

Market makers in Cash-Settled Corn Futures (CCM) will receive the benefit in accordance with their trading volume in this asset in the activity month. Every month BRL 35,000 will be distributed in credits or as a payment, allocated among market makers active in the program in accordance with their trading volume and in compliance with the following criteria.

1. The market maker must state in the Commitment Agreement how it wants to use its benefit, whether as credits or whether paid to it as a net amount - in which case it will be taxed at source pursuant to the tax legislation prevailing on the date the financial resources are made available and will be subject to bank fees and other fees or taxes charged when remitting resources overseas, when applicable.
2. The market maker will be eligible to receive the credits or payment when it meets the parameters for maximum spread, minimum lot, trading session activity period and settlement price formation window, as designated in the Activity Parameters document, at www.b3.com.br/en_us/, Products and Services, Trading, Market maker, Programs, Commodities, Program Rules.
3. If the market maker meets the above parameters, it will join the monthly pool of BRL 35,000 in credits or payment, a portion of which each market maker

will receive in accordance with its market share in the trading volume of Cash-Settled Corn Futures (CCM) contracts in that month.

4. In addition to this, the first and second placed market makers in the monthly ranking of market share of volume will receive BRL 15,000 and BRL 10,000 in credits or payment, respectively.
5. B3 will inform the market makers of the benefit no later than the last business day of the month after that of their activity.

If the market makers choose to receive the benefit as payment of the net amount, they must inform B3 of bank payment details such as NIF, IBAN and SWIFT code, among others set out in the Commitment Agreement.

If the market makers choose credits, they must designate an exclusive settlement account to receive the benefits as set out in the Commitment Agreement. The credits may be used, by no later than the second month following that of market maker activity, for deducting exchange fees and other fees that B3 charges on transactions on one the assets listed below.

- Cash Settled Live Cattle (BGI)
- 4/5 Arabic Coffee (ICF)
- Cash Settled Hydrous Ethanol (ETH)
- Cash-Settled Soybean Futures Contract at the Price of the CME Group Mini-Sized Soybean Futures Contract (SJC)
- FOB Santos Soybeans (Platts) Futures Contract (SOY)
- US Dollar Futures Contract (DOL)

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- Mini US Dollar Futures Contract (WDO)
- One-Day Interbank Deposit Futures Contract (DI1)