

June 14, 2022
070/2022-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 five market makers will be accredited in this Options on Brazilian Depositary Receipts (BDRs) Program ("Program"), in the following assets:

AAPL34 - Apple Inc.	NFLX34 - Netflix Inc.
AMZO34 - Amazon.com Inc.	NUBR33 - Nubank Holdings
BABA34 - Alibaba Group	NVDC34 - Nvidia Corporation
FBOK34 - Facebook Inc.	PYPL34 - Paypal Holdings Inc.
GOGL34 - Alphabet Inc.	TSLA34 - Tesla, Inc.
MELI34 - Mercadolibre Inc.	XPBR31 - XP INC.
MSFT34 - Microsoft Corporation	

070/2022-PRE

The implementation and effectiveness of both the program and its accreditation process depend on the regulators approving the model for options on Brazilian Depositary Receipts (BDRs) (“Regulatory Approval”), as detailed below.

B3 cannot be held liable for losses due to lack of regulatory approval or to alteration of any of the procedures, dates, parameters or benefits specified herein.

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 by the deadline shown below.

The Expression of Interest form is available at www.b3.com.br/en_us, Products and Services, Trading, Market maker, Join in, Programs, Options on Brazilian Depositary Receipts (BDRs).

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

If the number of filed Expressions of Interest forms exceeds the number of openings, B3 will select the market makers by means of the procedures described in the Annex to this Circular Letter.

Having completed the selection process, B3 will announce individually the institutions selected for the program and the ranking of all the institutions that

070/2022-PRE

participated in the process (“Accreditation”). The names of all the accredited institutions will be announced publicly on the first day of their activities under the program.

Start of market maker activity – suspensive condition

After accreditation, there will be suspension of the implementation and effectiveness of the program and of market maker accreditation, until regulatory approval is obtained (“Suspensive Condition”).

Resolution of accreditation due to lack of regulatory approval

If regulatory approval is not obtained for any reason or factor, it is hereby established that accreditation and the program will be automatically revoked.

Timetable

Expression of Interest filed	Selected market makers announced	Accreditation Instrument filed	Accounts registered¹	Activity starts¹	Obligation ends
By June 22, 2022	June 24, 2022	By July 08, 2022	July 22, 2022 ²	July 25, 2022 ²	June 30, 2023

¹ Date subject to effective implementation of suspensive condition.

² Date subject variation in accordance with effective implementation of suspensive condition.

Activity parameters

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

070/2022-PRE

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, Products and Services, Trading, Market maker, Join in, Programs, Options on Brazilian Depositary Receipts (BDRs), complying with the suspensive condition.

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 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, Products and Services, Trading, Market maker, Derivatives, Options on Brazilian Depositary Receipts (BDRs).

070/2022-PRE

Test period

Market makers enjoy the benefits specified below without having to observe the activity parameters for up to ten business days before the start of their mandatory activity so that they can execute connectivity, session and order routing tests, as well as the necessary technological configurations. After the test period, market makers' activities will be monitored by B3.

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 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 Accreditation Agreement, 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, 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

070/2022-PRE

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 option series, including non-mandatory series.

They will also be exempt from payment of exchange 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 pay exchange and other fees on the daily excess volume in the cash market, in accordance with the fee policy in force for cash equities market products, at www.b3.com.br/en_us, Products and Services, Fee schedules, Equities, Equities and investment funds, À vista. 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.

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.

070/2022-PRE

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 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 039/2013-DP, dated May 27, 2013, and Circular Letter 050/2013-DP, dated July 30, 2013.

General provisions

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

Further clarification can be obtained from the Electronic Trading Department by calling +55 11 2565-5021, or by emailing formadordemercadob3@b3.com.br.

Gilson Finkelsztain
Chief Executive Officer

José Ribeiro de Andrade
Chief Product and Client Officer

Annex I to CIRCULAR LETTER 070/2022-PRE

Selection Process for the Market Maker Program in Options on Brazilian Depositary Receipts (BDRs)

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 five openings available for accreditation of market makers under this program will be distributed according to a scoring system, with the best scores accredited for the program.

To calculate the scoring of each interested institution, B3 will analyze the variables, with their respective weightings, considering:

- **Quantity auction:** each institution bids at least the minimum quantity determined by the program rules. The five best bids are scored for each of the options, as below:

Best bid: five points

Second best bid: four points

070/2022-PRE

Third best bid: three points

Fourth best bid: two points

Fifth best bid: one point

- **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.

The five best bids are scored for each of the options, as below:

Best bid: ten points

Second best bid: eight points

Third best bid: six points

Fourth best bid: four points

Fifth best bid: two points

The institutions with the highest scores will be selected.

The quantities and spread for market makers in each option in the program will be subject to the lowest quantity and highest spread offered by the institutions selected and will be updated when the selected market makers are announced.

Institutions must state the quantity of their proposed activity spread in the Expression of Interest form, based on the reference parameters defined by B3 in the Rules for Activity by Market Makers in Options on BDRs, available at www.b3.com.br/en_us, Products and Services, Trading, Market maker, Join in, Programs, Options on Brazilian Depositary Receipts (BDRs).

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

Start of market maker activity – suspensive condition

Following accreditation, the implementation and effectiveness of the program and of market maker accreditation will be suspended until there has been regulatory approval by the **regulators** of the contracting model for options on Brazilian Depositary Receipts (BDRs) (**respectively, “Regulatory Approval” and “Suspensive Condition”**).

Resolution of accreditation due to absence of regulatory approval

If at any time regulatory approval is not obtained for any reason or factor, it is hereby established that accreditation and the program will be automatically revoked.