

July 12, 2017

041/2017-DP

## **C I R C U L A R   L E T T E R**

To: B3 Market Participants – BM&FBOVESPA Segment

Re: **New Nonresident Investors Program.**

As of July 17, 2017, B3 will hold the New Nonresident Investors Program, effective until June 29, 2018.

The Program is part of the initiatives assessed with market participants and seeks to use fee exemptions to encourage new nonresident investors to join B3's derivatives market.

This means that B3 will grant determined exemptions on fees and other charges on trades with derivatives, which will be controlled through a program of points offered to new investors. The eligibility rules for the program and the timeframes, calculation conditions and fee policy are foreseen in the Rules of the New Nonresident Investors Program, pursuant to the provisions of Annex I of this Circular Letter.

Further information is available from the Client and Business Development Department by telephone at (+55 11) 2565-7600.

Gilson Finkelsztain  
Chief Executive Officer

José Ribeiro de Andrade  
Chief Product and Client Officer

## **Annex I to Circular Letter 041/2017-DP**

### **RULES OF THE NEW NONRESIDENT INVESTORS PROGRAM**

B3 S.A. – Brasil, Bolsa, Balcão (B3), a Corporation headquartered in this the Capital of the State of São Paulo, at Praça Antonio Prado, nº 48, 7<sup>th</sup> floor, with corporate taxpayer number CNPJ 09.346.601/0001-25, will offer the New Nonresident Investors Program (Incentive Program), in accordance with the terms and conditions set forth in these Rules.

#### **1. PARTICIPANTS**

All Nonresident Investors (Investors) are eligible to be participants in the Incentive Program if they:

- (i) trade in accordance with National Monetary Council rules;
- (ii) have not traded in or had open interest in the BM&FBOVESPA segment operated by B3 in the 24 months prior to the start of this Program, or have not started operations in the 60 days prior to the start of the Program;
- (iii) trade through individual or omnibus accounts. The Investor may register up to two accounts, to which exemptions shall be applied, with B3 assessing other account registration requests;
- (iv) are not part of a business group or do not have a common management link with Investors that fail to meet the eligibility requirement set forth in item (ii) above.

Interested parties shall formally join the Incentive Program by signing the Instrument of Agreement (template attached hereto) at [www.bvmfnet.com.br](http://www.bvmfnet.com.br), Regulamentos e Normas / Incentivo para Novos Investidores Não-Residentes,

highlighting the derivatives contracts and/or structured transactions of interest in accordance with the list of Eligible Products.

The Instrument of Agreement must be submitted to B3 by a Full Trading Participant (PNP) or Trading Participant (PN), which will be responsible for assessing the powers of the Investors by filing a request with B3's Serviço de Atendimento, at [www.bvmfnet.com.br](http://www.bvmfnet.com.br), Catálogo / Programa de Incentivo para Novos INR.

B3 will analyze the request to join the Program, and once compliance with all of the requirements has been confirmed, it will inform the requesting PNP or PN of the Investor's approval.

## **2. ELIGIBLE PRODUCTS**

In the Incentive Program, the following derivatives are considered to be Eligible Products and the Investor must designate them in the Instrument of Agreement:

### **Interest Rates Group**

- One-Day Interbank Deposit Futures Contract (DI1)

### **FX Group**

- US Dollar Futures Contract (DOL)
- Mini US Dollar Futures Contract (WDO)
- Structured US Dollar Rollover Transaction (DR1)
- Structured Mini US Dollar Rollover Transaction (WD1)
- Australian Dollar Futures Contract (AUD)
- Canadian Dollar Futures Contract (CAD)
- New Zealand Dollar Futures Contract (NZD)
- Euro Futures Contract (EUR)
- Swiss Franc Futures Contract (CHF)
- Japanese Yen Futures Contract (JPY)
- Pound Sterling Futures Contract (GBP)
- Turkish Lira Futures Contract (TRY)

- Chilean Peso Futures Contract (CLP)
- Mexican Peso Futures Contract (MXN)
- South African Rand Futures Contract (ZAR)

### **Equities Group**

- Ibovespa Futures Contract (IND)
- Mini Ibovespa Futures Contract (WIN)
- Call and Put Options on Ibovespa (IBOV) Futures
- Structured Ibovespa Rollover Transaction (IR1)
- Structured Mini Ibovespa Rollover Transaction (WI1)
- Options on Equities that are part of the currently valid theoretical portfolio of the BOVESPA Index (Ibovespa) upon registration of the accounts, being the same group of options until the end of the link with B3

### **Commodities Group**

- Cash Settled Live Cattle Futures Contract (BGI)
- Cash-Settled Corn Futures Contract (CCM)

The list of Eligible Products may be changed, at B3's discretion, during the term of the Program and is available at [www.bmfbovespa.com.br](http://www.bmfbovespa.com.br), Services, Fee Schedules, Incentive Programs.

Investors who already have incentives approved by B3 will not be impacted by any exclusions from the list of Eligible Products.

### **3. TIMEFRAMES**

Investors can join the Incentive Program up to June 29<sup>th</sup>, 2018. If this timeframe is extended, B3 will communicate with the market giving the new timeframes.

Investors will be able to enjoy the incentives for up to 12 months as of the date selected by the Investor in this Incentive Program, which must be given in the Instrument of Agreement, or the date given by B3 in cases where activation is not possible on the date given by the Investor.

#### 4. INCENTIVE

Each Investor will be entitled to exemptions on fees on transactions with the Eligible Products, as described below.

The fee exemption amounts resulting from the incentive will be represented in points, in accordance with the access model predominant in trading, according to the quantity of contracts and/or structured transactions trade, as follows:

Access Model		Total points
Model 1	Direct Market Access by Participant or Provider (DMA 1 and 2)	80,000
Model 2	Direct Market Access by Investor (DMA 3 and 4)	200,000

After B3 accepts the date of the Investor's induction into the Incentive Program, points will be usable on exchange fees, fixed and variable registration fees, the permanence fee and the settlement fee that are charged on transactions with the Eligible Products that the Investor has selected.

Each contract traded represents a quantity of points, regardless of the nature, contract month, term or type of option, in accordance with Table 1.

**Table 1**

Product	Points
<b>Interest Rates Group</b>	
DI1	0.18
<b>FX Group</b>	
DOL	0.53
WDO	0.06
DR1	1.52
WD1	0.44
AUD, CAD, NZD, EUR, CHF, JPY, GBP, TRY, CLP, MXN, ZAR	1.30

<b>Product</b>	<b>Points</b>
<b>Equities Group</b>	
IND	0.22
WIN	0.02
IBOV	0.00020
IR1	0.77
WI1	0.17
Equity Options	0.00025
<b>Commodities Group</b>	
BGI	0.57
CCM	0.17

The product value points may be changed, at B3's discretion, during the term of the Program and is available at [www.bmfbovespa.com.br](http://www.bmfbovespa.com.br), Services, Fee Schedules, Incentive Programs.

The Program establishes that an Investor using Model 2 cannot utilize more than 100,000 points on a single Eligible Product.

The Investor may include other Eligible Products or change its Access Model, resubmitting the Instrument of Agreement through the B3 portal in Serviço de Atendimento, as described in item 1. In this case, B3 may at its sole discretion accept the changes and increase the total number of points available. It should be noted here that the Investor's link to the Program and the points that have already been used will not change.

## **5. FEE POLICY CALCULATION**

B3 will calculate the use of the available points daily. When there is a usable amount in balance, Investors will have exemptions on all of the fees and charges on the products that were designated upon joining the program, up unto the end of their link.

Upon completion of the 12-month timeframe for using the incentive, or upon full use of the points available, whichever comes first, and after a period of systems adjustments, B3 will charge the Investor's account all of the exchange fees

applicable to each transaction executed, in accordance with the existing fee policy, disregarding the trading history for the purposes of discounts by volume.

Furthermore, for an Investor that uses Model 2 and consumes 100,000 points in a single Eligible Product, B3 will charge all of the fees applicable to each transaction executed with the Eligible Product. Any surplus points held by the Investor may be used in transactions executed with other Eligible Products that it has designated.

In the case of failures to comply, concealment, or omission of the requirements for the Program, as set forth in item 1, there shall be a retroactive charging of the points used by the Investor during the validity period of the Program, where each point shall be equivalent to USD 1.00 (one United States Dollar), converted at the exchange rate (PTAX sell) for the last business day prior to the billing date.

### Example

Supposing that at the end of the 10<sup>th</sup> month of the link an Investor with 200,000 points has traded the following quantities of contracts:

<b>Product</b>	<b>Contracts Traded</b>	<b>Status</b>
DI1	500,000	$500,000 \times 0.18 = 90,000$ points
DOL	150,000	$150,000 \times 0.53 = 79,500$ points
Equity Options	5,000,000	$5,000,000 \times 0.00025 = 1,250$ points

So far the Investor has used 170,750 points out of a total discount of 200,000 points, being able to use 29,250 points over the following two months, as long as it does not exceed the quantity of 100,000 points on a single Eligible Product.

## **6. FINAL PROVISIONS**

Nonresident Investors based in the United States (US Persons) who trade or come to trade the derivatives contracts named in External Communication 061/2016-DO (or a communication that may come to substitute it) directly from the United States through Direct Market Access by Investor (DMA 3 and 4), are subject to U.S. Commodity Futures Trading Commission (CFTC) regulations and must observe the restrictions in accordance with the applicable rules.



**Annex II to Circular Letter 041/2017-DP**

**INSTRUMENT OF AGREEMENT WITH NEW NONRESIDENT  
INVESTORS PROGRAM**

By the present instrument, [corporate name of the Investor], headquartered at [ADDRESS], corporate taxpayer number CNPJ 0000000000, as described in its bylaws, declares (i) that it has not traded or does not have open interest in the BM&FBOVESPA segment on the publication date of the Rules and in the 24 months prior to the start of the Incentive Program in question; (ii) that it is not part of a business group or does not have a common management link with Investors that have failed to comply with item (i); and (iii) that it is aware of what has been set forth in the Rules of the New Nonresident Investors Program, committing to respect and comply with all of the procedures and rules contained therein, being aware that noncompliance with these procedures and rules will result in the loss of the right to receive the exemption, and aware of the retroactive charge described in item 5 of the aforementioned Rules.

**Start Date of the Benefit:**     / /

**Applicant's E-Mail Address:**

**Access Model**

- (    ) Model 1: Direct Market Access by Participant or Provider (DMA 1 and 2)
- (    ) Model 2: Direct Market Access by Investor (DMA 3 and 4)

**Account type**

- (    ) Individual Account
- (    ) Omnibus Account

**Account number(s) for benefit:**

1) \_\_\_\_\_

2) \_\_\_\_\_

**Select the Products that will be part of the Program:**

**Interest Rates Group**

( ) One-Day Interbank Deposit Futures Contract (DI1)

**FX Group**

( ) US Dollar Futures Contract (DOL)

( ) Mini US Dollar Futures Contract (WDO)

( ) Structured US Dollar Rollover Transaction (DR1)

( ) Structured Mini US Dollar Rollover Transaction (WD1)

( ) Australian Dollar Futures Contract (AUD)

( ) Canadian Dollar Futures Contract (CAD)

( ) New Zealand Dollar Futures Contract (NZD)

( ) Euro Futures Contract (EUR)

( ) Swiss Franc Futures Contract (CHF)

( ) Japanese Yen Futures Contract (JPY)

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**Commodities Group**

( ) Cash Settled Live Cattle Futures Contract (BGI)

( ) Cash-Settled Corn Futures Contract (CCM)

[place], [date]

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[Name and signature of the Investor]

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[Name and signature of the Full Trading Participant (PNP) or Trading Participant (PN)]