

December 07, 2023
206/2023-PRE

CIRCULAR LETTER

Listed B3 Participants

Re.: **Incentive Program for ETFs and ETF BDRs**

B3 hereby informs you that on **January 2, 2024**, it will launch the financial Incentive Program for ETFs and ETF BDRs, in accordance with the criteria, conditions and timeframes established herein.

This program will last for 12 months and have quarterly payment of the financial incentive to the retail brokerage houses based on the market share in individual investors' incremental average daily trading volume (ADTV) for the market or in accordance with the number of new CPF Individual Taxpayer Numbers with custody positions in the brokerage house in the products subject to this program.

1. Participants

Only full trading participants (FTPs) or trading participants (TP), herein named retail brokerage houses, that are intermediaries in the eligible products can participate in this program, during the period established in item 4 of this Circular Letter and in formal compliance through filling in the Instrument of Agreement. Participants who wish to receive the Instrument of Agreement must request it by email at equities@b3.com.br.

206/2023-PRE

Accreditation may occur at any time after the program becomes valid. When this is the case there will be no retroactive payment of values. The participant will only be included in the program in the calculation period that follows filling in the Instrument of Agreement.

2. Eligible products

All ETFs and ETF BDRs listed and traded at B3 are considered eligible for the Incentive Program.

3. Timeframe

The Incentive Program will last for the 12 months of **January 2, 2024** to **December 31, 2024**.

4. Incentive calculation conditions

The portion distributed to each participant will depend on the market share of the brokerage house in the individual investors' incremental ADTV growth for the market or depend on the new CPFs with a position in custody of the brokerage house compared to the January 02, 2023 to December 29, 2023 period, as described in the tables below.

The value distributed because of ADTV growth will take into consideration a fixed pool for the market which will be divided in accordance with the brokerage house's market share, while the value for the new CPFs will be a fixed value for the five brokerage houses with the highest growth for CPFs with a position in custody within the established tiers.

206/2023-PRE

Only the highest in the “ADTV Growth of individual investors” or “New CPFs” payment tiers will be distributed for each group of assets, in other words, the benefit paid will not be the sum total of both metrics.

For “New CPFs” calculation, the positions in custody of the new investors in the ETFs or ETF BDRs will be considered in accordance with the liquidity groups described in the tables below. Investors who trade more than one asset in the same group will be accounted only once.

The following tables (annualized parameters) will be considered for calculation.

Group 1 – Highly-liquid assets (ADTV higher than BRL 10 million) and Ibovespa ETFs			
Incremental ADTV of individual investors on the market (millions)	Market fixed pool (thousands)	New CPFs of the brokerage houses (thousands)	Fixed value per brokerage house (thousands)
BRL 135	BRL 3,600	50	BRL 400
BRL 105	BRL 2,200	20	BRL 160
BRL 75	BRL 1,100	10	BRL 80
BRL 45	BRL 400	5	BRL 40

Group 2 – Average-liquidity assets (ADTV between BRL 1 million and BRL 10 million)			
Incremental ADTV of individual investors on the market (millions)	Market fixed pool (thousands)	New CPFs of the brokerage houses (thousands)	Fixed value per brokerage house (thousands)
BRL 20	BRL 1,000	20	BRL 200

206/2023-PRE

BRL 15	BRL 670	10	BRL 100
BRL 10	BRL 380	5	BRL 50
BRL 5	BRL 130	2.5	BRL 25

Group 3 – Low-liquidity assets (ADTV below BRL 1 million)			
Market fixed pool (millions)	Market fixed pool (thousands)	Market fixed pool (thousands)	Market fixed pool (thousands)
BRL 29	BRL 1.900	20	BRL 200
BRL 23	BRL 1.300	10	BRL 100
BRL 17.3	BRL 900	5	BRL 50
BRL 11.5	BRL 500	2.5	BRL 25

For this program the incentive will be paid in full, with no tax withheld.

In the case of corporate actions between custody agents, whether full or partial acquisitions, clients that initiated a relationship with the acquired organization before the corporate action will not be considered when the client base of the buying institution is calculated for the purposes of this program. This is because they are not linked to the buying organization's performance in executing activities that attract more investors to the ETFs and ETF BDRs. Therefore, the increase to the client base, due to the corporate actions, does not fall within the remit of the Incentive Program described herein and these clients cannot be included in the calculation as beneficiaries.

5. Calculation of the incentive

For each payment period the accumulated growth proportional to the period will be considered, based on the following multiples.

- 1st Period: 25% of the table
- 2nd Period: 50% of the table
- 3rd Period: 75% of the table
- 4th Period: 100% of the table

6. Payment of the incentive

Payment will be made by the last business day of April 2024, July 2024, October 2024 and January 2025.

The payment for each period is conditioned to a minimum value of BRL 10,000, accumulated to the following period.

7. General provisions

B3 may at its sole discretion review the parameters for granting the benefits, as well as the values of the incentives/benefits or end this program, granting the participants in the program thirty days' notice.

In the case of reassessment of the incentive calculation criteria, B3 will publish a Circular Letter containing the new conditions and other necessary provisions.

206/2023-PRE



Further information can be obtained from the Listed Products Department by email at equities@b3.com.br.

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