

June 18, 2020

077/2020-PRE

## CIRCULAR LETTER

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

Re: **New Nonresident Investor Incentive Program – Cycle 2020**

B3 hereby informs you that as of **July 2, 2020** the New Nonresident Investor Incentive Program – Cycle 2020 (Onboarding Incentive Program) will come into effect, remaining valid until **July 1, 2021**.

The eligibility rules, the eligible products, timeframes, calculation of points and fee policy are contained in the Annex I to this Circular Letter.

The Annexes to this Circular Letter revoke and replace the Annexes to Circular Letter 046/2019-PRE, published on July 2, 2019.

Further information can be obtained from the International Business Development Department, by telephone on +55 11 2565-4605 or by email at [Client-Services@b3.com.br](mailto:Client-Services@b3.com.br).

Gilson Finkelsztain  
Chief Executive Officer

José Ribeiro de Andrade  
Chief Product and Client Officer

## **Annex I to Circular Letter 077/2020-PRE**

### **NEW NONRESIDENT INVESTOR INCENTIVE PROGRAM RULES**

B3 S.A. – Brasil, Bolsa, Balcão (B3), a corporation headquartered at Praça Antonio Prado, 48, 7th floor, São Paulo, São Paulo State, Brazil, corporate taxpayer number CNPJ 09.346.601/0001-25, will offer the New Nonresident Investor Incentive Program (Onboarding 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 this Incentive Program if they:

- (i)** trade in accordance with National Monetary Council rules;
- (ii)** trade through individual or collective accounts;
- (iii)** have neither traded in nor held any open interest in the BM&FBOVESPA segment managed by B3 in the 24 months prior to their inclusion in this Onboarding Incentive Program. B3 may, at its sole discretion and upon the submission of a justification by the Investor, dispense Investors from this requirement if they have not spent all the points in the previous version (valid until July 1, 2020) of the Onboarding Incentive Program;
- (iv)** are not part of a business group with and have no common management link with Investors that do not comply with the eligibility requirement set forth in item (iii) above.

Investors who hold positions in the cash equities market and wish to extend their portfolios by trading in the derivatives market (futures and options) are also eligible to apply for this Onboarding Incentive Program. In this case, they must comply with the requirements set forth in items (i), (ii) and (iv) above and will be granted 50% of the benefit described in item 4 of this Annex, as per their access model and respecting the maximum points limit per product.

Interested parties can formally join the Onboarding Incentive Program within 60 days of their first participation in a trading session. Interested parties that exceed this deadline will be able to join the Onboarding Incentive Program at B3 sole discretion, upon the submission of a justification by the investor. To join the Onboarding Incentive Program the interest party must sign the Instrument of Agreement attached hereto and available at [www.bvmfnet.com.br](http://www.bvmfnet.com.br), Regulamentos e Normas, Programa de Incentivo para Novos Investidores Não Residentes, selecting the derivatives contracts and/or cash equities market securities of interest in accordance with the list of Eligible Products.

Specifically for the cash equities market, the Investor can choose **up to 40** stocks, which must be specified in the Instrument of Agreement, and must maintain at least **70%** in day trades with the selected stocks on a monthly basis. If the Investor trades in the options market, **up to 30** underlying stocks can be chosen. No minimum day trade percentage is required for the derivatives market (futures and options).

The Instrument of Agreement must be submitted to B3 by the Participant responsible for settling the Investor's trades, which may be the Full Trading Participant (FTP), Settlement Participant (SP), or Trading Participant (TP).

The Participant must send the signed Instrument of Agreement by filing a request at B3's Serviço de Atendimento ([www.bvmfnet.com.br](http://www.bvmfnet.com.br), Catálogo, Programa de Incentivo para Novos INR), and will be responsible for assessing the Investor's powers and verifying the authenticity of the Investor's signature.

B3 will analyze the request to join the Onboarding Incentive Program, and once compliance with all of the requirements has been confirmed, it will inform the requesting FTP, SP or TP of the Investor's approval by email and/or automatic message used to apply for the Onboarding Incentive Program.

The Investor will not be able to apply for other incentive programs provided by B3 until the end of its link with the Onboarding Incentive Program.

## **2. ELIGIBLE PRODUCTS**

The following instruments are Eligible Products for the Onboarding Incentive Program, and the ones of interest must be designated in the Instrument of Agreement by the Investor.

### **Interest Rates Group**

- One-Day Interbank Deposit Futures Contract (DI1)
- DI x IPCA Spread Futures (DAP)
- Call and Put Option on Average One-Day Interbank Deposit Rate Index Contract (IDI)

### **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 – BRL pairs (AUD)
- Australian Dollar Futures Contract – USD pairs (AUS)

This free translation is not legally binding. Any questions arising from the text should be clarified by consulting the original in Portuguese. In the event of any discrepancy, the original in Portuguese shall prevail.

- Canadian Dollar Futures Contract – BRL pairs (CAD)
- Canadian Dollar Futures Contract – USD pairs (CAN)
- New Zealand Dollar Futures Contract – BRL pairs (NZD)
- New Zealand Dollar Futures Contract – USD pairs (NZL)
- Euro Futures Contract – BRL pairs (EUR)
- Euro Futures Contract – USD pairs (EUP)
- Swiss Franc Futures Contract – BRL pairs (CHF)
- Swiss Franc Futures Contract – USD pairs (SWI)
- Japanese Yen Futures Contract – BRL pairs (JPY)
- Japanese Yen Futures Contract – USD pairs (JAP)
- Chinese Yuan Onshore Futures Contract – BRL pairs (CNY)
- Chinese Yuan Offshore Futures Contract – USD pairs (CNH)
- Pound Sterling Futures Contract – BRL pairs (GBP)
- Pound Sterling Futures Contract – USD pairs (GBR)
- Turkish Lira Futures Contract – BRL pairs (TRY)
- Turkish Lira Futures Contract – USD pairs (TUQ)
- Argentine Peso Futures Contract – BRL pairs (ARB)
- Argentine Peso Futures Contract – USD pairs (ARS)
- Chilean Peso Futures Contract – BRL pairs (CLP)
- Chilean Peso Futures Contract – USD pairs (CHL)
- Mexican Peso Futures Contract – BRL pairs (MXN)
- Mexican Peso Futures Contract – USD pairs (MEX)
- South African Rand Futures Contract – BRL pairs (ZAR)
- South African Rand Futures Contract – USD pairs (AFS)
- Norwegian Krone Futures Contract – USD pairs (NOK)
- Swedish Krona Futures Contract – USD pairs (SEK)
- Russian Ruble Futures Contract – USD pairs (RUB)

### **Equities Group**

- Cash equities (stocks, BDRs, ETFs, units, investment fund shares, subscription warrants, subscription receipts, subscription rights)
- Ibovespa Futures Contract (IND)
- Mini Ibovespa Futures Contract (WIN)
- Call and Put Options on Ibovespa (IBOV)
- Structured Ibovespa Rollover Transaction (IR1)
- Structured Mini Ibovespa Rollover Transaction (WI1)
- Options on Single Stocks

This free translation is not legally binding. Any questions arising from the text should be clarified by consulting the original in Portuguese. In the event of any discrepancy, the original in Portuguese shall prevail.

## Commodities Group

- Cash-Settled Live Cattle Futures Contract (BGI)
- Cash-Settled Corn Futures Contract (CCM)
- Gold Futures Contract (OZ1)
- 4/5 Arabica Coffee Futures Contract (ICF)
- Cash-Settled Crystal Sugar Futures Contract (ACF)
- Cash Settled Hydrous Ethanol Futures Contract (ETH)

### 3. TIMEFRAME

Investors can join the Onboarding Incentive Program by **July 1, 2021**. If it is extended, B3 will inform the market of the new timeframe.

### 4. INCENTIVES

Investors will be granted the incentives until total points usage, or for up to 12 months from the Investor's registration into the Onboarding Incentive Program, whichever occurs first. B3 will formally specify the date of the Investor's registration into the Onboarding Incentive Program.

Each Investor will be entitled to exemptions on fees arising from trades in Eligible Products, as described below.

The fee exemption amounts granted as incentives will be represented in points depending on the access model predominant in trading, the quantity of contracts in the derivatives markets (futures and options), and the financial value traded in the cash equities market, as follows:

<b>Access Model</b>		<b>Total Points</b>	<b>Maximum points limit per product</b>
Model 1	Investor who trades on B3 through an account related to CMN Resolution 2.687.	40,000	No limit established
Model 2	Investor who trades on B3 through an account related to CMN Resolution 4.373, whose trading orders are entered from outside of the B3 co-location environment, using proprietary systems, those of the brokerage house or of the provider.	80,000	No limit established
Model 3	Investor who trades on B3 through an account related to CMN Resolution 4.373, whose trading orders are entered from within the B3 co-location environment, using proprietary systems in their hosting unit(s) contracted directly from B3 or via the brokerage house.	200,000	Up to 100,000 points in a single Eligible Product

The points will be available for use after B3's acceptance of the date of the Investor's admission into the Onboarding Incentive Program, and must be spent on exchange fees, fixed and variable registration fees, permanence fees, and settlement fees arising from trades with the Eligible Products the Investor has selected.

Each contract or equity asset traded represents a quantity of points, regardless of the nature or type of security, contract month, term, or type of option, as shown in the following table.

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### Points Table – with effect from July 2, 2020

Product	Points per contract
<b>Interest Rate Group</b>	
DI1	0.12
DAP	0.24
IDI	0.02
<b>FX Group</b>	
DOL	0.55
WDO	0.16
DR1	1.24
WD1	0.38
AUD, CAD, NZD, EUR, CHF, JPY, CNY, GBP, TRY, ARB, CLP, MXN and ZAR	1.16
AUS, CAN, NZL, EUP, SWI, JAP, CNH, GBR, TUQ, ARS, CHL, MEX, AFS, NOK, SEK and RUB	0.22
<b>Commodities Group</b>	
BGI	0.53
CCM	0.14
OZ1	0.52
ICF	0.67
ACF	0.35
ETH	1.22
<b>Equities Group</b>	
IND	0.25
WIN	0.04
IR1	0.65
WI1	0.12



<b>Product</b>	<b>Product Points per BRL 1.00 traded</b>
Calls and Puts on IBOV	0.00014
Cash equities (stocks, BDRs, ETFs, units, investment fund shares, subscription warrants, subscription receipts, subscription rights)	0.000053
Options on Single Stocks	0.00020

The Investor may include other Eligible Products or change access model, resubmitting the Instrument of Agreement through the B3 portal at 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 in the allowance. It should be noted that the duration of the Investor's link to the current Onboarding Incentive Program and the points that have already been used up will not change. Investors that do not spend the totality of points in the previous version of the Onboarding Incentive Program may request adhesion to the present Program (with a justification), with acceptance being at the sole discretion of B3.

If the Investor opts to migrate from an access model with a higher points level to a model with a lower one, the total points available will be the difference between the points granted for the model to which it is migrating and the points that it has already spent in the model to which it was originally registered. If the Participant has spent more points than the total allowance for where it is migrating, it will not be eligible for the benefits of this Onboarding Incentive Program. If the Investor opts to migrate to a model with a higher points level, it will have the right to all the points in the model to which it is migrating, minus the points already spent in the model to which it was originally registered.

Any updates to the number of points announced after the Participant joins the Onboarding Incentive Program will not be applicable. In this case, the Points Table in force on the date of signature of the Instrument of Agreement will prevail.

## **5. CALCULATION OF POINTS AND FEE POLICY**

B3 will calculate the number of points used daily. While the balance of usable points remains positive, and until their link to the Onboarding Incentive Program expires, Investors will be exempt from all fees and charges on the products they designated when they joined the Onboarding Incentive Program.

Upon completion of the 12-month timeframe for using the incentive or when all points available have been spent, whichever comes first, B3 will adjust its systems and then resume charging to the Investor's account all fees (related to trading and post-trade) applicable to each transaction executed, in accordance with the fee policy in force.

Furthermore, for an Investor who uses access model 3 and spends 100,000 points on a single Eligible Product, B3 will bill all fees and charges applicable to each additional transaction executed with the same Eligible Product. Any surplus points may be used in transactions executed with the other Eligible Products designated by the Investor.

In the case of failure to comply, concealment, or omission of the requirements for the Onboarding Incentive Program, as set forth in item 1, the points used by the Investor during the validity of the Onboarding Incentive Program will be billed retroactively, with each point corresponding to USD1.00 (one United States Dollar) converted at the exchange rate (PTAX sell) for the last business day of the month prior to the billing date.

If the Investor performs trades in the **cash equities market** without complying with the minimum percentage for day trade operations as described in item 1, a charge of 0.0325% on the total volume traded will be billed retroactively.

### Example

At the end of the 10th month of the link an Investor with 200,000 points has traded the following quantities of contracts:

Product	Contracts traded	Status
DI1	500,000	$500,000 \times 0.12 = 60,000$ points
DOL	150,000	$150,000 \times 0.55 = 82,500$ points
IND	5,000	$5,000 \times 0.25 = 1,250$ points

So far, the Investor has used 143,750 points out of a total allowance of 200,000 points, leaving 56,250 points for use in the next two months as long as no more than 100,000 points are spent on a single Eligible Product.

## 6. FINAL PROVISIONS

Nonresident Investors based in the United States (US Persons) who trade the derivatives contracts named in the list available at [www.b3.com.br](http://www.b3.com.br), Regulation, Non-resident Investor, Commodity Futures Trading Commission (CFTC), List of products that may be directly accessed by U.S. Persons, directly from the United States through a Sponsored Direct Connection (DMA) managed by the Investor (formerly DMA 3 or DMA 4) are subject to regulation by the U.S. Commodity Futures Trading Commission (CFTC) and must comply with any restrictions in accordance with the applicable rules.

**Annex II to Circular Letter 077/2020-PRE****INSTRUMENT OF AGREEMENT WITH NEW NONRESIDENT****INVESTOR INCENTIVE PROGRAM**

By the present instrument, [corporate name of the Investor], headquartered at [address], corporate taxpayer number CNPJ [xxxxxx], and CVM Code [xxxxxx], duly represented as described in its bylaws, hereby declares **(i)** that it neither traded in nor held any open interest in the BM&FBOVESPA segment for a period exceeding 60 days in the 24 months prior to the start of its link with this Onboarding Incentive Program. If the interested party exceed the deadline of 60 days after the first participation in a trading session to request to join the incentive, it will be able to join the Onboarding Incentive Program at B3 sole discretion, upon the submission of a justification by the investor; **(ii)** that if it trades in the cash equities market, it will comply with the **70%** minimum percentage for day trades on a monthly basis and may choose **up to 40** stocks to comprise this group of products; **(iii)** that if it trades in options on single stocks, it may choose **up to 30** stocks to comprise this group of products; **(iv)** that it is not part of a business group with and has no common management link with Investors that do not comply with item (i); and **(v)** that it is cognizant of New Nonresident Investor Incentive Program Rules, undertakes to comply with all the required procedures and rules, and is aware that noncompliance with these procedures and rules will result in loss of the right to receive the exemption and in the retroactive charge described in item 5 of the Rules.

Investors who hold positions in the cash equities market and wish to extend their portfolios by trading in the derivatives market (futures and options) are not obliged to comply with items (i), (ii) and (iv) above.

**Applicant's Email Address:** \_\_\_\_\_

**Access Model**

- ( ) Model 1: Investor who trades on B3 through an account related to CMN Resolution 2.687.
- ( ) Model 2: Investor who trades on B3 through an account related to CMN Resolution 4.373, whose trading orders are entered from outside of the B3 co-location environment, using proprietary systems, those of the brokerage house or of the provider.
- ( ) Model 3: Investor who trades on B3 through an account related to CMN Resolution 4.373, whose trading orders are entered from within the B3 co-location environment, using proprietary systems in their hosting unit(s) contracted directly from B3 or via the brokerage house.

**Account type**

- ( ) Individual account
- ( ) Collective account member

**Account No.** \_\_\_\_\_

[specify as many accounts as needed]

**Select Products to be included in Incentive Program:**

**Interest Rates Group**

- ( ) One-Day Interbank Deposit Futures Contract (DI1)
- ( ) DI x IPCA Spread Futures (DAP)
- ( ) Call and Put Option on Average One-Day Interbank Deposit Rate Index Contract (IDI)

**FX Group**

- ( ) US Dollar Futures Contract (DOL)
- ( ) Mini US Dollar Futures Contract (WDO)
- ( ) Structured US Dollar Rollover Transaction (DR1)
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- ( ) Australian Dollar Futures Contract – BRL pairs (AUD)
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- ( ) Canadian Dollar Futures Contract – USD pairs (CAN)
- ( ) New Zealand Dollar Futures Contract – BRL pairs (NZD)
- ( ) New Zealand Dollar Futures Contract – USD pairs (NZL)
- ( ) Euro Futures Contract – BRL pairs (EUR)
- ( ) Euro Futures Contract – USD pairs (EUP)
- ( ) Swiss Franc Futures Contract – BRL pairs (CHF)
- ( ) Swiss Franc Futures Contract – USD pairs (SWI)

- ( ) Japanese Yen Futures Contract – BRL pairs (JPY)
- ( ) Japanese Yen Futures Contract – USD pairs (JAP)
- ( ) Chinese Yuan Onshore Futures Contract – BRL pairs (CNY)
- ( ) Chinese Yuan Offshore Futures Contract – USD pairs (CNH)
- ( ) Pound Sterling Futures Contract – BRL pairs (GBP)
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- ( ) Norwegian Krone Futures Contract – USD pairs (NOK)
- ( ) Swedish Krona Futures Contract – USD pairs (SEK)
- ( ) Russian Ruble Futures Contract – USD pairs (RUB)

## Equities Group

( ) Cash Equities (stocks, BDRs, ETFs, units, investment fund shares, subscription warrants, subscription receipts, subscription rights) – choose up to **40** stocks:

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- ( ) Ibovespa Futures Contract (IND)
  - ( ) Mini Ibovespa Futures Contract (WIN)
  - ( ) Call and Put Options on Ibovespa (IBOV)
  - ( ) Structured Ibovespa Rollover Transaction (IR1)
  - ( ) Structured Mini Ibovespa Rollover Transaction (WI1)
  - ( ) Options on Single Stocks – choose **up to 30** stocks:
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**Commodities Group**

- ( ) Cash Settled Live Cattle Futures Contract (BGI)
- ( ) Cash-Settled Corn Futures Contract (CCM)
- ( ) Gold Futures Contract (OZ1)
- ( ) 4/5 Arabica Coffee Futures Contract (ICF)
- ( ) Cash-Settled Crystal Sugar Futures Contract (ACF)
- ( ) Cash Settled Hydrous Ethanol Futures Contract (ETH)

[place], [date]

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[Name and Signature of the Investor]

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[Name and signature of the Full Trading Participant (FTP), Settlement Participant (SP) or Trading Participant (TP)]