

November 03, 2022
148/2022-PRE

CIRCULAR LETTER

Listed B3 Participants

Re.: **Market Maker Accreditation Process for the ISP, WSP, BRI, DAX, ESX and INK Futures Contracts**

B3 hereby informs you of the accreditation procedures for the Market Maker Programs for the CME Group S&P 500 Quotation Futures Contract (ISP), Micro S&P 500 Futures Contract Cash-Settled to the CME Group S&P 500 Quotation (WSP), Brazil Index-50 Futures Contract (BRI), DAX Futures Contract (DAX), Euro STOXX 50 Futures Contract (ESX) and Nikkei 225 Futures Contract (INK).

Up to five market makers will be accredited for each program.

If the accreditation requests exceed the number of openings, B3 will at its sole discretion select the market makers to be accredited.

Each program referred to in this Circular Letter is **independent**, with **different adhesions** required for each.

Accreditation procedure

Institutions that wish to take part in the program are advised to consult the Procedures Guide for Accreditation of Market Makers, available at

148/2022-PRE

www.b3.com.br/en_us/, Products and Services, Trading, Market maker, Join in, Accreditation.

Timetables

Accreditation instrument filed	Accounts registered	Activity starts	Obligation ends
By Nov. 18, 2022	By Nov. 28 th , 2022	Dec. 12, 2022 (ISP, WSP, BRI, DAX, ESX) Dec.19, 2022 (INK)	Dec. 15, 2023

B3 may, at its sole discretion, assess any market maker applications submitted after these deadlines.

The duration of this program may be extended at B3's sole discretion. If the end of the obligation is deferred, B3 will issue a Circular Letter with information on the length of the extension, any changes to the activity parameters, and other necessary provisions. Market makers will be free to choose whether to continue trading as such until the new date for the end of the obligation or conclude their accreditation on the above date therefor.

Activity parameters

Market makers must enter bids and asks in accordance with B3's activity parameters.

The list of assets eligible for the **ISP, WSP, DAX, BRI, ESX and INK** programs, as well as their respective activity parameters, can be found in the Market Maker Program rules, available at www.b3.com.br/en_us/, Products and Services, Trading, Market maker, Join in, Programs.

148/2022-PRE

Please note that in the case of the **ISP, WSP, DAX, ESX and INK** programs, market makers will also be required to contribute, respectively, to market making in the Rollover of the S&P 500 Futures Contract Cash-Settled to the CME Group S&P 500 Quotation (RSP), the Rollover of the Micro S&P 500 Futures Contract Cash-Settled to the CME Group S&P 500 Quotation (WS1), the DAX Futures Rollover (DA1), the Euro Stoxx 50 Futures Rollover (ES1) and the Nikkei 225 Futures Rollover (NK1). The market maker may request exemption from rollover activity, in which case it will be ineligible for the respective benefits for the transactions executed with these instruments.

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.

Test period

The market makers shall enjoy the following benefits, without complying with the activity parameters, for a period of ten 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.

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, Join In, Contracts, Futures, Market Maker Agreement.

Waiver of obligation

There is no requirement to fulfil the activity parameters of the respective futures contract programs on dates that are public holidays in New York, Chicago, Tokyo or Frankfurt, in accordance with the following table. They may also suspend mandatory activity whenever there is no trading session on the electronic trading platform of the CME Group, Eurex or JPX Group, in accordance with the following table.

Programs	Marketplaces	Electronic Platform
ISP and WSP	New York or Chicago	CME Group
DAX and ESX	Frankfurt	Eurex
INK	New York, Chicago or Tokyo	CME Group or JPX Group

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.

Benefits

The accredited market makers for the six programs will be exempted from the exchange fees and other applicable fees on transactions with any contract month of the asset in the program in question.

- In the case of the Micro S&P 500 Futures Contract (WSP), market makers may additionally receive a share of B3's total revenue from trading in the Micro S&P 500 Futures Contract ("revenue pool"), in accordance with the terms and conditions described in Annex I to this Circular Letter.
- In the case of the Brazil Index-50 Futures Contract (BRI), the charge will be on transactions with the contracts of this program and on hedging transactions, with equities in the Brazil Index-50 theoretical portfolio or with shares of ETFs that track this index, as long as the latter have been executed in accordance with the criteria and limits defined in the fee policy described in Annex II hereto.

For all the programs described herein, the message flows, trades and volume generated by the accredited institutions will not be considered for the purposes

148/2022-PRE

of the Trading Message Control Policy, as per 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 all the programs described in this Circular Letter.

Further information can be obtained from the Chief Product and Client Officer's team by telephone on +55 11 2565-5026 or by email at formadordemercadob3@b3.com.br

Gilson Finkelsztain
Chief Executive Officer

José Ribeiro de Andrade
Chief Product and Client Officer

Annex I to CIRCULAR LETTER 148/2022-PRE

Conditions for Revenue Pool Eligibility in the Market Maker Program - Micro S&P 500 Futures (WSP) and Rollover (WS1)

Purpose

The purpose of this program is to offer market makers in the Micro S&P 500 Futures Contract incentives to develop, promote and guarantee liquidity for the futures market operated by B3 and for the contract concerned.

In this program, besides the benefit consisting of exemption from exchange fees and from other fees on trades in all contract months of the asset concerned, market makers shall also receive the following benefit:

- Twenty per cent (20%) of B3's total revenue from trading in the Micro S&P 500 Futures Contract ("revenue pool") will be distributed net of taxes to the three market makers with the highest trading volumes in the periods and proportions specified in item "Calculation of the revenue pool" below.

Eligibility

Market makers accredited under the program for the Micro S&P 500 Futures Contract will be considered eligible for a share of the revenue pool only if their trading volume reaches the parameter compliance percentage and necessary classification in the periods concerned, as described in the item below.

148/2022-PRE

Market makers that B3 does not select for accreditation under this program will not be entitled to the benefit of sharing in the revenue pool

Calculation of the revenue pool

The revenue pool for this program is defined as B3's total revenue from trading in the Micro S&P 500 Futures Contract after deduction of the taxes levied on such revenue or on the price of the service, as applicable (currently ISS and PIS/COFINS).

Twenty per cent (20%) of the revenue pool will be shared among the three market makers that, cumulatively:

- (i) most trade (in volume) the contract in question within the calculation period
- (ii) have more than seventy per cent (70%) compliance with the activity parameters, following correction, considering the minimum spread, minimum activity period and mandatory contract month obligations

The value to be calculated for each of the three market makers will be in proportionate to their market share (in number of contracts) in relation to the other two market makers that are entitled to the benefit.

The market makers that meet the following minimum percentage obligations will not be included in the revenue pool distribution. In this case another market maker will not be included in the distribution.

In the case of only two market makers that are accredited or eligible for the revenue pool, the benefit will be divided according to market share by number of

148/2022-PRE

contracts traded, between the two accredited market makers. When there is only one market maker accredited or eligible for the revenue pool, it must meet the minimum of five per cent (5%) of total market share in the product to reach one hundred per cent (100%) of the revenue pool. If the sole market maker accredited or eligible for the revenue pool has a market share lower than the pre-established minimum it will be entitled to only fifty per cent (50%) of the revenue pool.

B3 will calculate the value of the benefit monthly and check the contribution of each of the participants in the generated benefit, to identify the first, second and third placed trading volume (in volume of contracts) participants to receive the benefit. In the case of a tie, B3 will select the market maker that has the best performance in relation to the mandatory activity parameters.

B3 will thus calculate the benefit monthly by the last business day of the month following the calculation period. If it is received in cash, it will be distributed quarterly to the first three participants, in accordance with the following timetable:

Calculation period		Benefit awarded
Dec. 12, 2022 to Dec. 31, 2022	1 st calculation period	As described in the item "Calculation of the revenue pool"
Calendar months	Other calculation periods	
Dec. 1, 2023 to Dec. 15, 2023	Last calculation period	

The benefit can be paid as above or in the form of credits for use solely to reduce the fees that B3 charges on transactions in one of the listed derivatives, whatever the traded commodity.

148/2022-PRE

The credits awarded will expire at the end of the month following that of market maker activity and cannot be renewed.

Market makers must designate an exclusive account for receipt of the benefit.

The above benefit percentages, to be received by the market makers ranked first, second and third, are based on the total benefit calculated in accordance with B3's monthly net revenue from trading in the Micro S&P 500 Futures Contract. There is no fixed value foreseen for the benefit.

If the Micro S&P 500 Futures Contract is not traded during a calculation period, meaning B3 earns no revenue from it, no benefit will be distributed for the period.

Participants' trading volumes will only be measured in trades that comply with the rules and procedures that B3 has established for the futures market. Canceled trades and trades that do not comply with the pertinent requirements will not be considered.

Market makers will be notified of the rankings and benefit values awarded, by email not later than the fifth business day of the month following the last month in each calculation period.

The benefit will be paid or credited to market makers in net terms after deduction of the withholding taxes specified in the applicable tax legislation in force on the date of payment or credit.

Annex II to CIRCULAR LETTER 148/2022-PRE

Fee Policy for Market Makers in the Brazil Index-50 Futures Contract (BRI)

Conditions for market maker eligibility

This fee policy applies only to market makers accredited for this program by B3, subject to their compliance with the requirements described below.

Applicable fees

Exchange fees and other fees on buy and sell orders for Brazil Index-50 Futures (BRI) by accredited market makers will be reduced to zero.

Exemption from fees on hedge trade

No exchange fees or settlement fees will be due on hedge trades in the stocks in the theoretical portfolio of the Brazil Index-50 (IBrX 50) or in ETF shares referenced to this index, provided such trades are executed in accordance with the criteria and limits defined in items (a) and (b) below (exemption from fees on hedge trades).

Limits for exemption on hedge trades

Market makers will be exempted on hedge trades only if:

- (a)** the total financial volume of buy and sell orders for the equities and ETF shares executed for hedging purposes in the account designated for market maker

activity as per item (b) below does not exceed the same day (T0) volume or next-day (T+1) volume (if the BRI is held to expiration) of offsetting sell and buy orders for the Brazil Index-50 Futures in which the market maker is accredited to trade.

(b) the financial volume of buy and sell orders executed for hedging purposes for each stock in the theoretical portfolio of the reference index is limited to thirty per cent (30%) of the same-day (T0) volume or next-day (T+1) volume (if the BRI is held to expiration) of offsetting sell and buy orders for the Brazil Index-50 Futures in which the market maker trades.

If a market maker surpasses the limit defined in items (a) and (b) on one or more days, the exchange and other fees will be charged on the daily excess volume as specified in the fee policy for the cash equity market products concerned, available at www.b3.com.br/en_us, Products and services, Fee schedules, Listed equities and derivatives, Equities, Equities and Investment Funds, Spot.

In this case no distinctions will be made by type of investor, and policies offering progressive discounts based on average daily trading volume (ADTV) or day trade volume will not apply, nor will any other discount offered by B3.

Buy and sell orders for equities and ETF shares executed on the odd-lot market are not considered for the purposes of granting hedge trade fee exemption.

Market makers are responsible for full payment of exchange fees and other fees on each month's daily excess volumes, not later than the last business day of the following month.

Account for hedge trade fee exemption

To be eligible for hedge trade fee exemption, market makers must designate a specific account solely for the settlement of hedge trades relating to Brazil Index-50 Futures, regardless of the number of accounts they use overall in their market making activities.

General provisions

If a market maker is de-accredited by B3 or requests de-accreditation before the end of its obligation, the exemptions provided for in this fee policy will cease to be applicable as of the date of its de-accreditation.

This fee policy does not apply for market makers for other securities admitted to trading on the markets operated by B3.