

July 04, 2024
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CIRCULAR LETTER

Listed B3 Participants

Re.: **Incentive Program for DI1, DAP and FRC Forward Rate Agreement and Slope Structured Transactions**

B3 hereby informs you that as of **July 1, 2024** it will implement a new Incentive Program for DI1, DAP and FRC Forward Rate Agreement and Slope Structured Transactions (Incentive Program), in accordance with the criteria established herein.

B3 will grant cash incentives every month for six months to full trading participants (FTPs) and/or trading participants (TPs) that obtain the best performances according to the criteria, conditions and timelines established in this Incentive Program.

1. Participants

For this Incentive Program, only full trading participants (FTPs) or trading participants (TPs) who act as intermediaries in products eligible for the Program within the timeframe set out in item 3 of this Circular Letter and who formally join the Program by completing the Adhesion Agreement, may subscribe. Participants

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interested in receiving the Adhesion Agreement may request it by email to jurosemoedas@b3.com.br.

The Adhesion Agreement is also available at www.b3.com.br, *Produtos e Serviços, Negociação, Formador de Mercado, Programas – Listados, Incentivo às Corretoras, EDS – Exchange Defined Strategy*.

2. Eligible products

The Structured Transactions Listed below are eligible for the Incentive Program:

- Forward Rate Agreement on DI1 Structured Transaction (DIF)
- DI1 Slope Structured Transaction (DII)
- Forward Rate Agreement on DAP Structured Transaction (DAF)
- DAP Slope Structured Transaction (DAI)
- FRC Forward Rate Agreement Structured Transaction (FRF)
- FRC Slope Structured Transaction (FRI)

3. Timeframe

The exemption will last for six (6) months from **July 1, 2024 to December 30, 2024**.

4. Conditions for calculation of the incentive

The incentive provided for in this Incentive Program will be calculated from the average daily trading volume of the eligible products.

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The average daily trading volume will be calculated according to the following formula:

$$ADV_{total} = \frac{Qty_{DIF} + Qty_{DII} + Qty_{DAF} + Qty_{DAI} + Qty_{FRF} + Qty_{FRI}}{Qty_{sessions}}$$

Where:

ADV_{total} = total average daily trading volume of all the eligible products.

Qty_{DIF} = total traded quantity of the Forward Rate Agreement on DI1 Structured Transaction during the calculation period.

Qty_{DII} = total traded quantity of the DI1 Slope Structured Transaction Structured Transaction during the calculation period.

Qty_{DAF} = total traded quantity of the Forward Rate Agreement on DAP Structured Transaction during the calculation period.

Qty_{DAI} = total traded quantity of the DAP Slope Structured Transaction during the calculation period.

Qty_{FRF} = total traded quantity of the FRC Forward Rate Agreement Structured Transaction during the calculation period.

Qty_{FRI} = total traded quantity of the FRC Slope Structured Transaction during the calculation period.

$Qty_{sessions}$ = total quantity of trading sessions during the calculation period.

5. Calculation and payment of the incentive

Calculation of the total volume of the products

B3 will calculate the value of the incentive on a monthly basis considering the daily volume traded in the calculation period. The incentive amount will be paid out according to the quantity, as set out in the table below.

| ADV_{total} | Up to 300,000 | Between 300,000 and 349,999 | Between 350,000 and up to 399,999 | Between 400,000 and up to 449,999 | Over 450,000 |
|--------------------------------|----------------------|------------------------------------|--|--|---------------------|
| Amount to be distributed (BRL) | 0 | 250,000.00 | 500,000.00 | 750,000.00 | 1,000,000.00 |

The amount will be allocated to the five full trading participants (FTPs) and trading participants (TPs) who achieve the highest score in the calculation month. Scoring will be as follows:

- Transactions executed via cross orders with use of a facilitation account by the participant will have a weight of 1.
- Transactions executed via cross orders without use of a facilitation account by the participant will have a weight of 2.
- Transactions executed via Screen by the participant will have a weight of 3.

Therefore, the calculation of each brokerage house's score will follow this formula:

$$\text{Score}_{\text{brokerage house } x} = \text{Qty}_{\text{facilitation}} \times 1 + \text{Qty}_{\text{cross}} \times 2 + \text{Qty}_{\text{screen}} \times 3$$

Where:

$\text{Qty}_{\text{facilitation}}$ = quantity of contracts traded by the participant via cross order using a facilitation account.

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Qty_{cross} = quantity of contracts traded by the participant via cross order without use of a facilitation account.

Qty_{screen} = quantity of contracts traded by the participant via Screen.

For purposes of measuring the Quantity via Screen of each participant, we will only consider volume executed via the Means of Execution of the Full Trading Participant (FTP) Connection Category, disregarding volume executed via the Means of Execution of the Sponsored Direct Market Access (DMA) Connection Category, as described in the Sender Location document at www.b3.com.br/en_us/, Solutions, PUMA Trading System, Rules and trading parameters, Trading rules.

Furthermore, when the same participant is involved in the buy and sell side of a trade, only one of the sides will be considered for the purpose of measuring the Quantity.

The five participants that have the best scores based on the above formula will receive the amount to the same proportion as the Market Share obtained in relation to the sum of the points from the five participants with the highest score.

If there is a Market Share tie with one or more of the participants (after the calculation weighted by type of trade executed) B3 will adopt the following order as a tiebreaker criterion:

1. Score (as explained above).
2. Quantity of contracts traded.
3. Quantity of contracts traded via Screen.

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4. Quantity of contracts traded via cross order without using facilitation account.
5. Quantity of contracts traded via cross order using facilitation account.
6. Quantity of total investors

If the tie persists, the amount will be shared equally among the participants with the same quantity of traded contracts and same quantity of eligible investors.

6. Payment of the Incentive

The calculation date will be on the 20th of the month following that of the transaction. The payment date will be no later than the 27th of the calculation month.

Example 1

During July 2024, which has 22 trading sessions, the following quantities were traded in eligible products:

- DIF: 3,000,000
- DII: 3,272,000
- DAF: 948,000
- DAI: 620,000
- FRF: 600,000
- FRI: 800,000

When calculating the average trading volume in the calculation period, we obtain the sum of 420,000.

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$$ADV_{\text{total}} = \frac{3,000,000 + 3,272,000 + 948,000 + 620,000 + 600,000 + 800,000}{22} = 420,000$$

This means that BRL 750,000 will be distributed to the FTPs and TPs with the highest scores, as described above.

When assessing the quantities traded by the FTPs and TPs in eligible products during the calculation month and weighing the transactions as set out above, we have the following ranking:

| Brokers | Traded Quantity | | | | Total ADV | Score |
|--------------|-------------------------|----------------------------|------------------------------------|-----------------------------------|-----------|---------|
| | Cross with facilitation | Cross without facilitation | Screen - Brokerage House in 2 legs | Screen - Brokerage House in 1 leg | | |
| FTP A | 86,700 | 33,600 | 172,560 | 43,140 | 336,000 | 465,210 |
| FTP B | 5,040 | 5,040 | 45,360 | 45,360 | 100,800 | 211,680 |
| FTP C | 86,818 | 25,200 | 5,592 | 8,388 | 126,000 | 102,164 |
| FTP D | 165,840 | - | 648 | 1,512 | 168,000 | 88,428 |
| FTP E | 31,022 | 840 | 7,604 | 2,534 | 42,000 | 35,358 |
| FTP F | 37,602 | 2,100 | 460 | 1,838 | 42,000 | 27,104 |
| FTP G | 336 | 504 | 11,172 | 4,788 | 16,800 | 31,794 |
| FTP H | 4,664 | 2,520 | - | 1,216 | 8,400 | 8,500 |
| TOTAL | 418,024 | 69,804 | 243,396 | 108,778 | 840,000 | 970,240 |

Considering the sum of the points of the five participants with the best scores in the assessed period was 902,840, we have the following ranking:



| Brokerage Houses | Market Share (by score) | Top 5 Market Share (by score) | Incentive received (BRL) |
|------------------|-------------------------|-------------------------------|--------------------------|
| FTP A | 48% | 52% | 390,000.00 |
| FTP B | 22% | 23% | 175,000.00 |
| FTP C | 11% | 11% | 85,000.00 |
| FTP D | 9% | 10% | 70,000.00 |
| FTP E | 4% | 4% | 30,000.00 |
| FTP F | 3% | - | - |
| FTP G | 3% | - | - |
| FTP H | 1% | - | - |
| TOTAL | 100% | - | 750,000.00 |

Please note that in this example the trading volume executed via screen and via DMA was 0 and therefore had no impact on the participants' results.

Further information can be obtained from the Chief Product and Client Officer's team by telephone on +55 11 2565-5661/5830 or by email at jurosemoedas@b3.com.br.

Gilson Finkelsztain
Chief Executive Officer

José Ribeiro de Andrade
Chief Product and Client Officer