

November 26, 2024
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CIRCULAR LETTER

Listed B3 Participants

Re.: **Extension of the Market Maker Program for Options on Single Stocks, Units and ETFs – December Tranche**

B3 hereby informs you that the end of the obligation for market makers accredited in the Market Maker Program for Options on Single Stocks, Units, and ETFs – December Tranche, announced in Circular Letter 114/2024-PRE, dated August 20, 2024, is being put back to **May 30, 2025**.

Market makers that are already accredited in the program may request de-accreditation up until **December 6, 2024**, if they do not wish to trade during the program's extended period.

If B3 puts back the end of the obligation again, it will publish a Circular Letter containing information on the extended period, changes to the activity parameters, and any 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 to conclude their accreditation on the date given in this present Circular Letter.

The other characteristics of the program remain unchanged.

Program characteristics

5 (five) to 7 (seven) market makers will be accredited under this program.

B3 may, at its sole discretion, increase the number of slots available for accreditation, limited to 10 (ten) openings per asset, where institutions will be selected respecting the ranking of this selection process in accordance with Annex I of this Circular Letter.

The list of products eligible for the program is available in the document Rules for Activity by Market Makers in Options on Single Stocks, at www.b3.com.br/en_us/, Products and Services, Trading, Market maker, Programs – Listed, Options, Options on Single Stocks – December Renewal.

Selection procedure

Institutions that wish to take part in the program must request accreditation by sending the completed Expression of Interest form designating the options in which they wish to make market, to formadordemercadob3@b3.com.br by the deadline defined in this Circular Letter.

The Expression of Interest form is available at www.b3.com.br/en_us/, Products and Services, Trading, Market Maker, Programs – Listed, Options, Options on Single Stocks – December Renewal.

After receiving the Expression of Interest form, B3 will accordingly allocate options to each of the selected institutions, respecting the number of openings offered. B3 will then announce the institutions selected for each option.

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If the number of applications for accreditation exceeds the number of openings offered, B3 will select the applicants to be accredited by means of the process described in Annex I to this Circular Letter.

Having completed the selection process, B3 will announce individually the institutions selected for the program and the scores of all the institutions that participated in the process. The public announcement of all the accredited institutions will occur as of the first day of activity of the program.

Accreditation procedure

The selected institutions must formalize their accreditation as market makers for the options concerned by signing the Accreditation Instrument and filing it by the deadline stipulated in this Circular Letter.

Guidance on the procedure for submitting the Instrument of Accreditation can be found in the Procedures Guide for the Accreditation of Market Makers (Accreditation Guide), available at www.b3.com.br/en_us, Products and Services, Trading, Market Maker, Accreditation.

Institutions that have not yet signed the Agreement of Accreditation for Market Maker Activity with B3 must follow the procedures set out in items 4, 5 and 6 of the Accreditation Guide.

For this program, a specific Instrument of Accreditation form is available at www.b3.com.br/en_us, Products and Services, Trading, Market Maker, Programs – Listed, Options, Options on Single Stocks – December Renewal.

Timetable

Expression of Interest Filed	Selected market makers announced	Instrument of Accreditation filed	Accounts registered	Activity starts	Obligation ends
By Nov. 10, 2023	Nov. 14, 2023	By Nov. 28, 2023	By Nov. 28, 2023	Dec. 11 2023	May 30, 2025

B3 may at its sole discretion assess accreditation applications submitted after these deadlines, provided the delay is duly justified.

B3 may put back the end of the program at its sole discretion. If the end of the obligation is deferred, B3 will publish 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 date given in this present Circular Letter.

Activity parameters

Market makers accredited for this program must enter bids and asks in accordance with the trading parameters defined by B3.

The list of options on single stocks, units and ETFs eligible for the program and the respective activity parameters can be found in the document Rules for Activity by Market Makers in Options on Single Stocks, available at www.b3.com.br/en_us, Products and Services, Trading, Market Maker, Programs - Listed, Options, Options on Single Stocks - December Renewal.

Market makers are required to trade for at least 10 (ten) minutes in the last 30 (thirty) minutes of each trading session.

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For purposes of the rollover of the option series, market makers are required to register bids and asks in the first two contract months until the 5th (fifth) business day before the expiration date of the first month. As of the 4th (fourth) business day before that date, they are not obliged to trade in the first contract month available but must trade in the next 2 (two) contract months authorized for trading.

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 7 (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.

The mandatory series and the selection rules are available at www.b3.com.br/en_us, Products and Services, Trading, Market Maker, Mandatory Series.

Test period

Market makers enjoy the benefits specified below without having to observe the activity parameters for up to ten business days after the start of their mandatory activity, so that they can execute connectivity, session and order routing tests, as

well as the necessary technological configurations. During the test period, B3 will monitor market makers' activities and any noncompliance will be rectified.

De-accreditation

In the event of the de-accreditation of market makers for the securities listed in this program, B3 may select other institutions that have expressed interest in the securities concerned to replace the de-accredited institutions.

Accreditation and de-accreditation of market makers will always be disclosed to participants via B3's usual communication channels.

Maximum number of parameter breaches

Any market maker's accreditation under this program may be cancelled in the case of non-compliance with the parameters and/or obligations set forth herein, or in Circular Letter 084/2023-PRE, dated May 30, 2023, regarding the rules for monitoring market maker non-compliance, or in the Market Maker Accreditation Agreement, in a way that is either unjustified or whereby B3 does not accept the justification given. The Agreement is available at www.b3.com.br/en_us, Products and Services, Trading, Market maker, Accreditation.

Minimum activity period

If a market maker desists from the accreditation procedure 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

Market makers will be exempt from exchange fees and other fees on trades in all the accredited option series, including non-mandatory series.

They will also be exempt from payment of exchange and other fees on trades in the option underlyings performed in the cash market for the purpose of delta hedging in the same trading session as the options.

For the purposes of this program, the delta hedging percentage considered will be fifty per cent (50%) to be applied to the quantity of options traded for all series of the underlying on the day it is calculated.

Market makers that exceed the above delta hedging limit on one or more days will have to pay the fees described in Annex II on the daily cash market excess volume.

Market makers will be responsible for paying the full amount of the exchange fees and settlement fees on daily excess volumes accumulated in any given month on the 2nd (second) business day of the subsequent month.

Furthermore, in order to be eligible for exemption from fees on delta hedging, market makers must designate a specific account to be used solely for the purpose of delta hedging with respect to the options for which they are accredited, regardless of the number of accounts they may use to perform their market making activities. Compliance with this rule assures correct application of the benefits of this and other programs with which the participant is accredited.

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The trading volume in accounts and assets registered in the program, both for activity in the program and for hedging purposes, is not considered in the daily calculation of day trade volume that is used for definition of the day trade fee level for the cash equities market or for the options market.

The flow of messages, trades and volumes generated by accredited institutions will be considered for the purposes of the Policy for the Control of Trading Messages, as set forth in Circular Letter 086/2023-PRE, dated May 30, 2023.

General provisions

B3 will resolve any omissions regarding this accreditation procedure and the program.

This Circular Letter revokes and substitutes Circular Letter 114/2024-PRE, dated August 20, 2024

Further information can be obtained from the Electronic Trading Department by calling +55 11 2565 5025 or emailing formadordemercadob3@b3.com.br

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Annex I to CIRCULAR LETTER 160/2024-PRE

Selection Process for the Market Maker Program in Options on Single Stocks, Units and ETFs

1. Eligibility

Only institutions that file a properly completed Expression of Interest form in accordance with this Circular Letter will be considered eligible for the selection process.

2. Selection model

The openings available for accreditation of market makers under this program will be divided into two selection methods:

- 2 (two) openings reserved for the primary allocation; and
- Other openings reserved for secondary allocations.

If the 2 (two) openings reserved for primary allocations are not filled, the remaining openings will be offered for secondary allocations in order to maximize the number of market makers accredited for this program.

If there is no market maker accredited in the previous program, or if a new instrument is launched in the program, the opening reserved for the primary allocation will be made available for the secondary allocations.

2.1. Primary allocation

To be eligible for primary allocations, institutions:

- must have been accredited for the previous market maker program; and

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- must express an interest in the asset in this program.

Selection in the primary allocation will be based on the following variables, with their respective weightings, as follows.

- **Maker ADV:** share of contracts traded in the option by all the interested institutions in the last 6 (six) months before the start of the selection process, considering only trades executed through “maker” orders, (50%); and
- **Performance:** this covers the activity performance in the option for the previous market maker program and considers activity since the start of the program (50%).

B3 will inform the institutions pre-selected for primary allocation after the expression of interest period.

For the pre-selected institution to be qualified for accreditation in the program, the spread it offers in the auction must respect the program’s spread defined by auction in the secondary allocation. If the offer made in the auction is larger than the program’s spread, the institution must ask B3 whether it accepts activity with the defined value. If it does not accept it, the opening will be automatically made available for secondary allocations, within the second analysis scoring system, and the institution will compete with the other institutions.

2.2 Secondary allocation

Institutions not selected for primary allocation may be selected for secondary allocation on the basis of a scoring system in which those with the highest scores will be accredited for the program.

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To calculate each interested institution's score, B3 will analyze the variables shown below with their respective weightings:

- **Spread auction:** each institution will make an offer in the spread auction which must be the same as or better than the maximum spread determined by the program's rules (33%);
- **Total assets:** the number of options in which the institution wishes to be accredited (12%), with each asset having a different weighting in accordance with the Expression of Interest form, available at www.b3.com.br/en_us, Products and Services, Trading, Market Maker, Programs – Listed, Options, Options on Single Stocks – December Renewal;
- **ADV:** share of contracts traded in the option by all interested institutions, in the last 6 (six) months before the start of the selection process, considering trades executed via "maker" orders (weighted 2 in the score) and "taker" orders (weighted 1 in the score) (33%); and
- **Performance:** regards the activity performance for the previous market maker program and considers activity since the start of the program (22%).

The institution with the best score is selected in accordance with the scoring system.

The spread for market makers in the program will be subject to the largest spread offered by the institutions selected for secondary allocation and will be updated when the selected market makers are announced.

The institution must state its proposed spread in its Expression of Interest form, based on the reference parameters defined by B3 in the document Rules for

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Activity by Market Makers in Options on Single Stocks, available at www.b3.com.br/en_us, Products and Services, Trading, Market Maker, Programs - Listed, Options, Options on Single Stocks – December Renewal.

The proposals filed by institutions will be confidential at all times.

Annex II to CIRCULAR LETTER 160/2024-PRE

Fees on day trade and non-day trade excess volumes in excess equity options

1. Segregation of the assets' financial volume for hedging between day trade and non-day trade volume

Calculation of the excess day trade volume and excess non-day trade volume of the underlying, in the designated account, is defined daily as follows:

$$\begin{aligned}\text{Excess day trade volume} &= 2 \times \text{Minimum (PV, SV)} \\ \text{Excess non-day trade volume} &= (\text{PV} + \text{SV}) - \text{Excess day trade volume}\end{aligned}$$

Where:

- PV = excess purchase volume in the underlying
- SV = excess sales volume in the underlying

2. Trading and settlement fees charges on excess volume

The trading and settlement fees for the cash market are charged daily on excess day trade and non-day trade volume.

Exchange fees and other fees on the excess volume are accumulated and executed in the month following that of execution.

None of the volume (whether exempted or subjected to a fee as excess) of the asset in the account registered in this program is considered in the ADTV composition, which daily defines the trading and settlement fees for day trade volumes.

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Fee benefits for other B3 programs are not applicable on the excess volumes in the accounts registered in this program.