

May 21, 2024
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CIRCULAR LETTER

Listed B3 Participants

Re.: **Accreditation Process for the Market Maker Program for Options on Single Stocks, Units and ETFs and for Options on Bovespa Index (IBOV11) – July Tranche**

Up to twelve market makers will be accredited under this program for: **(i)** options on securities with individual accreditation; and **(ii)** put options on PETR4 and VALE3 + combo.

The groups of assets that are eligible for the program are available in the document Options on Single Stock and Options on Bovespa Index (IBOV11) Market Maker Program Rules, available at www.b3.com.br/en_us, Products and Services, Trading, Market Maker, Programs - Listed, Options, Options on Single Stocks and Options on Bovespa Index (IBOV11) – July 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.

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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 and Options on Bovespa Index (IBOV11) – July 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.

If the number of Expressions of Interest exceeds the number of openings, B3 will select the market makers by means of the procedures described in the Annexes to this Circular Letter – one for options on assets to be accredited individually and the other for put options on PETR4 and VALE3 + combo.

Having completed the selection process, B3 will announce individually the institutions selected for the program and the ranking of all the institutions that participated in the process. The names of all the accredited institutions will be announced publicly on the first day of their activities under the program.

Timetable

Expression of Interest filed	Selected market makers announced	Accreditation Instrument filed	Accounts registered	Activity starts	Obligation ends
By June 3, 2024	June 4, 2024	By June 17, 2024	June 17, 2024	July 01, 2024	Dec. 6, 2024

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

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 eligible for the program and the respective activity parameters can be found in the document Options on Single Stock and Options on Bovespa Index (IBOV11) Market Maker Program Rules, available at [www.b3.com.br/en_us/Products and Services, Trading, Market Maker, Programs - Listed, Options, Options on Single Stocks and Options on Bovespa Index \(IBOV11\) – July Renewal](http://www.b3.com.br/en_us/Products_and_Services/Trading/Market_Maker/Programs_-_Listed_Options/Options_on_Single_Stocks_and_Options_on_Bovespa_Index_(IBOV11)_-July_Renewal).

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

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

For purposes of the additional quarterly cycle rollovers (January, April, July, October) of PETR4 and VALE3 put options, market makers are required to register bids and asks in the first and second available quarterly cycle expirations while the first quarterly cycle's expiration does not coincide with the second mandatory expiration, as described in the rollover of the contract months above. As of that date, the market makers will be obliged to register bids and asks in the following two quarterly cycle expirations.

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For purposes of the rollover of Options on Bovespa Index, market makers are required to register bids and asks in the first six available contract months until the fifth business day before the expiration date. As of the fourth business day before this date, they are not obliged to register bids and asks in the first contract month available but must do so in the subsequent six 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 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 rules for market maker selection are available at www.b3.com.br/en_us, Products and Services, Trading, Market maker, Mandatory series, Options on Equities and Indexes.

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

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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 de-accreditation of market makers in this program, B3 may select other institutions that have expressed interest in the options 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 Agreement of Accreditation for Market Maker Activity, 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, Market Maker Agreement.

In the case of PETR4 and VALE3 put options + combo, market makers may be de-accredited from all combo assets if, during the course of the program, they fail to comply with the activity parameters and/or obligations set forth herein, or in Circular Letter 084/2023-PRE, dated May 30, 2023, in more than 20% (rounded upwards) of the assets accredited in the combo.

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

Market makers will be exempt from exchange fees and other fees on trades in all mandatory series of accredited individual options and in the PETR4 and VALE3 put options + combo mandatory series, when applicable, including in the non-mandatory series.

They will also be exempt from exchange fees and the 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%) for options on single stocks, units and ETFs or for options on Bovespa Index (IBOV11), to be applied to the quantity of options traded for all series of the underlying on the day it is calculated.

Market makers in options on single stocks, units and ETFs that exceed the above delta hedging limit on one or more days will have to pay the fees described in Annex III on the daily cash market excess volume.

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Excess volume will be defined by multiplying the excess quantity by the average price of the security traded by the market maker on the day in question.

If a market maker in Options on Bovespa Index exceeds the above delta hedging limit on one or more days, the excess futures contracts will be subject to payment of the first tier in the fee structure in effect for the Ibovespa futures contract, with no possibility of discounts based on volume or day trades.

Market makers will be responsible for paying the full amount of the exchange fees and other fees on daily excess volumes accumulated in any given month on the 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.

The volume traded in accounts and the assets registered in the program, both for activity in the program and for hedging purposes, are not considered in the daily calculation of day trades for purposes of defining the day trade fee tier for the cash equity market, futures market or 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.

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General provisions

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

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

Gilson Finkelsztain
Chief Executive Officer

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Chief Product and Client Officer

Annex I to CIRCULAR LETTER 073/2024-PRE

Selection process for individually accredited options

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

- Five openings reserved for the primary allocation
- Seven openings reserved for the secondary allocations

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

If there are no market makers accredited to the previous program or in a position to launch a new security for this program, the primary allocation opening will be offered to secondary allocation candidates.

2.1. Primary allocation

To be eligible for primary allocations, institutions:

- Must have been accredited for the security under the previous market maker program until the end of obligations; and
- Must have expressed an interest in the securities present in the program.

Selection for the primary allocations will be based on the variables shown below, with their respective weightings:

- **Maker ADV:** share of contracts traded in the option by all interested institutions in the six months prior to the start of the selection process, considering only trades executed via maker orders (50%);
- **Performance:** performance in terms of market maker activity for the security under the previous program and considering activity since the start of the program (50%).

B3 will announce the institutions preselected for primary allocation after the period for filing the Expression of Interest form.

For a preselected institution to be eligible for accreditation to the program, its offer in the spread auction must respect the program spread defined in the secondary allocation auction. If the offer made in the auction exceeds the program spread, the institution must advise B3 whether it agrees to operate with the program spread. If it does not, the opening will automatically be offered for secondary allocation, and the institution will compete with the other institutions.

2.2. Secondary allocations

Institutions not selected for primary allocation will 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.

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

- **Spread auction:** each institution bids a spread that must be equal to or better than the maximum spread determined by the rules of the program (33%);
- **Total securities:** the number of options for which the institution wishes to be accredited under this program (22%). Each option is weighted differently in accordance with the Expression of Interest, available at www.b3.com.br/en_us, Products and Services, Trading, Market maker, Programs - Listed, Options, Options on Single Stocks and Options on Bovespa Index (IBOV11) – July Renewal;
- **ADV:** share of contracts traded in the option by all interested institutions in the six months prior to the start of the selection process, considering trades executed via maker orders (weighted 2 in the score) and taker orders (weighted 1) (33%); and
- **Performance:** performance in terms of market maker activity for the security under the previous program and considering activity since the start of the program (12%).

The institutions with the highest scores will be selected.

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

Institutions must state their proposed spread in the Expression of Interest, based on the reference parameters defined by B3 in the Options on Single Stock and Options on Bovespa Index (IBOV11) Market Maker Program Rules, available at www.b3.com.br/en_us, Products and Services, Trading, Market maker, Programs – Listed, Options, Options on Single Stocks and Options on Bovespa Index (IBOV11) – July Renewal.

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

Annex II to CIRCULAR LETTER 073/2024-PRE

Selection process for put options on PETR4 and VALE3 + combo

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

- Five openings reserved for the primary allocations
- Seven openings reserved for secondary allocations

If the five openings reserved for the 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 are no market makers accredited for a security to the previous program or in a position to launch a new security for this program, the primary allocation opening will be offered to secondary allocation candidates.

2.1. Primary allocation

To be eligible for primary allocations, institutions:

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- Must have been accredited for the security under the previous market maker program until the end of obligations; and
- Must have expressed an interest in the securities present in the program.

Selection for the primary allocations will be based on the variables shown below, with their respective weightings:

- **Maker ADV:** share of contracts traded in the option by all interested institutions in the six months prior to the start of the selection process, considering only trades executed via maker orders (50%); and
- **Performance:** performance in terms of market maker activity for the security under the previous program and considering activity since the start of the program (50%).

B3 will announce the institutions preselected for primary allocation after the period for filing the Expression of Interest form.

For a preselected institution to be eligible for accreditation to the program, its offer in the spread auction must respect the program spread defined in the secondary allocation auction. If the offer made in the auction exceeds the program spread, the institution must advise B3 whether it agrees to operate with the program spread. If it does not, the opening will automatically be offered for secondary allocation, within the second analysis scoring system, where the institution will compete with the other institutions.

2.2. Secondary allocations

Institutions not selected for primary allocation will 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.

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

- **Spread auction:** each institution bids a spread that must be equal to or better than the maximum spread determined by the rules of the program (33%);
- **Total securities:** the number of options for which the institution wishes to be accredited under this program (22%). Each option is weighted differently in accordance with the Expression of Interest, available at www.b3.com.br/en_us, Products and Services, Trading, Market maker, Programs – Listed, Options, Options on Single Stocks and Options on Bovespa Index (IBOV11) – July Renewal;
- **ADV:** share of contracts traded in the options by all interested institutions in the six months prior to the start of the selection process, considering trades executed via maker orders (weighted 2 in the score) and taker orders (weighted 1) (33%);
- **Performance:** performance in terms of market maker activity for the security under the previous program and considering activity since the start of the program (12%).

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A single final score will be reached, with the combo options and the put options on PETR4 and VALE3 accounting for the following proportions:

- Put on PETR4: $\frac{1}{4}$ of final score;
- Put on VALE3: $\frac{1}{4}$ of final score;
- Combo options: $\frac{1}{2}$ of final score.

The institutions with the highest scores will be selected.

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

Institutions must state their proposed spread in the Expression of Interest, based on the reference parameters defined by B3 in the Options on Single Stocks and Options on Bovespa Index (IBOV11) Market Maker Program Rules, available at www.b3.com.br/en_us, Products and Services, Trading, Market maker, Programs – Listed, Options, Options on Single Stocks and Options on Bovespa Index (IBOV11) – July Renewal.

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

Annex III to CIRCULAR LETTER 073/2024-PRE

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

1. Segregation of the securities' 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:

$$\text{Excess day trade volume} = 2 \times \text{Minimum (PV, SV)}$$

$$\text{Excess non-day trade volume} = (\text{PV} + \text{SV}) - \text{Excess day trade volume}$$

Where:

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

2. Application of trading and settlement fees for excess volume

The trading and settlement fees for the cash market are applied daily for 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.

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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.

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