

November 26, 2024
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CIRCULAR LETTER

Listed B3 Participants

Re.: **Extension of the Market Maker Program for Options on Brazilian Depositary Receipts (BDRs)**

B3 hereby informs you that the end of the obligation for market makers accredited in the Market Maker Program for Options on BDRs, announced in Circular Letter 200/2023-PRE, dated November 28, 2023, will be put back to **May 30, 2025**.

Market makers that are already accredited in the program may request de-accreditation up until **December 16, 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

Up to 3 (three) market makers will be accredited in this program for options on BDRs.

The list of products eligible for the program is available in the document Rules for Activity by Market Makers in Options on BDRs, at [www.b3.com.br/en_us/Products and Services, Trading, Market maker, Programs – Listed, Options, Options on Brazilian Depositary Receipts \(BDRs\)](http://www.b3.com.br/en_us/Products_and_Services/Trading/Market_maker/Programs_Listed_Options_Options_on_Brazilian_Depositary_Receipts_(BDRs)).

Accreditation procedure

The selected institutions must formalize accreditation for the options concerned by signing the Instrument of Accreditation by the deadline stipulated in this Circular Letter.

Guidance on filing the Instrument of Accreditation can be found in the Procedures Guide for the Accreditation of Market Makers (Procedures Guide), available at [www.b3.com.br/en_us/Products and Services, Trading, Market maker, Accreditation, Procedures Guide for the Accreditation of Derivatives Contract Market Makers](http://www.b3.com.br/en_us/Products_and_Services/Trading/Market_maker/Accreditation/Procedures_Guide_for_the_Accreditation_of_Derivatives_Contract_Market_Makers).

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

A specific Instrument of Accreditation for this Program is available at [www.b3.com.br/en_us/Products and Services, Trading, Market maker, Programs – Listed, Options, Options on Brazilian Depositary Receipts \(BDRs\)](http://www.b3.com.br/en_us/Products_and_Services/Trading/Market_maker/Programs_Listed_Options_Options_on_Brazilian_Depositary_Receipts_(BDRs)).

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Timetable

Instrument of Accreditation filed	Account registration	Activity starts	Obligation ends
By Dec. 6, 2023	Dec. 6, 2023	Dec. 18, 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.

Parameters and activity

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 BDRs eligible for the program and the respective activity parameters can be found in the document Rules for Activity by Market Makers in Options on BDRs, www.b3.com.br/en_us, Products and Services, Trading, Market maker, Programs - Listed, Options, Options on Brazilian Depositary Receipts (BDRs).

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 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 may enjoy the benefits specified below without having to observe the required activity parameters for up to ten (10) business days after the start of their mandatory activity so that they can perform connectivity, trading session and order routing tests, as well as the necessary technological configurations.

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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 from the program, B3 may select other institutions that have expressed interest in the assets concerned to replace the de-accredited institutions.

Accreditation and de-accreditation of market makers will always be disclosed to market 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 event of breaches of the activity parameters and/or of the obligations set forth in this Circular Letter and in Circular Letter 084/2023-PRE, dated May 30, 2023, regarding the rules for monitoring market maker noncompliance, and in the 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, Accreditation.

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 30 (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 accredited option series, including non-mandatory series.

They will also be exempt from payment of exchange fees and other fees on trades in the option underlyings performed in the cash markets 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 fees on the daily excess volume in the cash market as described in the Annex hereto.

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.

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 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 the correct application

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of the benefits in this and the other programs to which the participant is accredited.

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

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

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

This Circular Letter revokes and fully substitutes Circular Letter 200/2023-PRE, dated November 28, 2023.

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

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Annex to CIRCULAR LETTER 162/2024-PRE

Fee structure for the excess day trade volume and excess non-day trade volume charged on excess equity options

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

Calculations of excess day trade and excess non-day trade volume of the underlying asset, in the designated account, are defined daily as:

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

Where:

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

2. Trading and settlement fees charged on excess volumes

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

The exchange fees and other fees charged on the excess are accumulated and executed in the month following that of trading.

The entire volume (exempted or charged a fee as excess) of the asset in the account registered in this program is not considered in the composition of ADTV, which daily defines the trading fee and settlement fee for the day trade volumes.

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Fee benefits of other programs introduced by B3 are not applied to the excess volumes in the accounts registered in this program.