

May 28, 2024
076/2024-PRE

CIRCULAR LETTER

Listed B3 Participants

Re.: **Accreditation Process for Market Makers in DI x IPCA Spread Futures (DAP)**

Up to five market makers will be accredited under this program.

If the number of accreditation requests surpasses the number of available openings, market makers will be selected for accreditation at the sole discretion of B3, which may also revise the maximum number of market makers to be accredited.

Accreditation procedure

Institutions that wish to take part in the program can find the relevant information in the Procedures Guide for the Accreditation of Derivatives Contract Market Makers, available at www.b3.com.br/en_us, Products and Services, Trading, Market maker, Accreditation.

Timetable

Accreditation Instrument filed	Accounts registered	Activity starts	Obligation ends
By June 3, 2024	June 7, 2024	June 10, 2024	March. 31, 2025

076/2024-PRE

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

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 allow their accreditation to expire on the date shown above.

Activity parameters

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

The list of securities eligible for the program and the respective activity parameters can be found in the document Activity Parameters for Market Makers in DI x IPCA Spread Futures (DAP), available at www.b3.com.br/en_us, Products and Services, Trading, Market maker, Programs – Listed, Futures, DI x IPCA Spread Futures Contract (DAP).

Test period

Market makers are entitled to the benefits specified in this Circular Letter without complying with the activity parameters for up to ten (10) business days after the start of their mandatory activity in order to conduct connectivity, session and order routing tests, and implement the requisite technological configurations. After the test period, market maker activities will be monitored by B3.

De-accreditation

In the event of de-accreditation of market makers in this program, B3 may select other institutions that have expressed interest, 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.

Minimum activity period

Market makers that withdraw from the accreditation process before starting their activities under the program will not be required to complete the thirty-day minimum period of activity established by Circular Letter 109/2015-DP, dated October 8, 2015. If they withdraw after starting their activities, they must complete the thirty-day notice period without fail in order for their de-accreditation to be communicated to the market.

076/2024-PRE

Benefits

Institutions accredited for this program will be entitled to the benefits described in the fee policy set out in the Annex to this Circular Letter, which include:

- exemption from exchange and other fees on trades in the DI x IPCA Spread Futures Contract (DAP) and hedging transactions involving the One-Day Interbank Deposit Futures Contract (DI1), provided they comply with the rules and limits established in the Annex to this Circular Letter;
- credits to be used for deduction from B3's exchange and other fees on DI1 trades or remuneration by net value via bank transfer into a designated account, less the withholding taxes required by the tax legislation in force on the payment date. Market makers may choose one of these alternatives. Remuneration will comprise fixed and variable portions defined in accordance with the performance of each market maker.

The contracts traded in accounts and assets registered in the program, both for activity in the program and for hedging purposes, will **not** be considered for ADV calculation for purposes of defining the fee tier.

General provisions

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

B3 will resolve any omissions regarding the accreditation process and program to which this Circular Letter refers.

076/2024-PRE

Further clarification can be obtained from the Chief Product and Client Officer's team by calling +55 11 2565-6324/7119 or emailing formadordemercadob3@b3.com.br.

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Annex to CIRCULAR LETTER 076/2024-PRE

Fee Policy for Market Makers in the DI x IPCA Spread Futures Contract (DAP)

1. Market maker eligibility

This fee policy applies to market makers accredited by B3 under this program for the DI x IPCA Spread Futures Contract (DAP).

2. Fee structure

2.1. Exchange and other fees on DAP trades and DI1 hedging trades

Exchange and other fees on DAP trades by market makers will be reduced to zero provided they comply with the eligibility condition in item 1. This exemption will apply to trades in any contract month, whether mandatory as per the activity parameters detailed in this Circular Letter or non-mandatory.

Exchange and other fees on DI1 hedging trades in any contract month will also be reduced to zero, provided these trades do not exceed the number of DAP contracts traded in the same session.

Example: a market maker that buys 100 DAP contracts will be entitled to the exemption when selling up to 100 DI1 contracts, in the same trading session.

DI1 trades exceeding the number of DAP trades will be subject to a charge relative to the exchange and other fees, in accordance with the prevailing fee policy for the product. These fees will not be eligible for differentiation by investor type,

progressive discount policies in accordance with average daily trading volume (ADV) or day-trade volume, or any other discounts B3 may introduce.

2.2. Remuneration

Provided they comply with the parameters described below, market makers will be remunerated in credits for use solely for deduction from exchange and other fees on DI1 trades or will be paid their net value via transfer of funds to the bank account designated in the Accreditation Instrument signed by each market maker in this program, net of the withholding taxes required by the tax legislation in force on the payment date. Market makers may choose either alternative.

Payment of remuneration will be made monthly in the month subsequent to the activity, by the last business day if the preferred form of payment is by bank transfer.

2.2.1 Composition of remuneration

- I. A fixed amount of BRL 20,000.00 per month for every market maker.
- II. A variable amount up to BRL 300,000.00, defined by the proportion of the on-screen ADV target for the pool met by the market and distributed among the eligible market makers in proportion to their contribution to total market maker ADV.

a) Eligibility for the pool

Market makers will be eligible for pool distribution of variable remuneration if their ADV is equal to or greater than the minimum ADV.

b) Minimum ADV

The minimum ADV required for pool eligibility will be weighted by contract tenor and updated by B3 at its discretion.

The volume traded during the closing call will also be considered in the onscreen ADV calculation and will be adjusted by its ratio to be defined and disclosed by B3.

The minimum ADV values will be available at www.b3.com.br/en_us, Products and Services, Trading, Market maker, Programs - Listed, Futures, DI x IPCA Spread Futures Contract (DAP).

c) Weighting of ADV

Market maker on-screen ADV will be weighted by contract tenor as follows:

Contract tenor	Weight
Until 2024	1
2025-2030	4
Beyond 2030	8

d) Pool size

The size of the pool up to BRL 300,000.00 will be defined by the proportion of the on-screen ADV target for the pool met by the market in accordance with the following formula:

$$\text{Pool} = P \times 300,000$$

Where:

076/2024-PRE

$$P = \frac{ADV_{TM}}{Target} \text{ with } P \leq 100\%;$$

ADV_{TM} = total market onscreen ADV;

Target = pool target.

e) Pool target

The pool target is measured by on-screen ADV for the market, whose value B3 defines at its discretion.

Closing call trading volume will also be considered in the onscreen ADV calculation in the market and will be adjusted by its ratio to be decided and disclosed by B3.

The pool target will be available at www.b3.com.br/en_us, Products and Services, Trading, Market maker, Programs – Listed, Futures, DI x IPCA Spread Futures Contract (DAP).

f) Pool distribution

The pool will be distributed among eligible market makers in accordance with their share of ADV_{TMM} , as follows:

$$Share = \frac{ADV_{MM}}{ADV_{TMM}}$$

Where:

ADV_{FM} = market maker's onscreen ADV;

ADV_{TFM} = market makers' total onscreen ADV.

g) Final value of the variable benefit

The final value of the variable benefit will be defined by the following formula:

$$\text{Benefit} = \text{Share} \times \text{Pool}$$

If a market maker chooses to receive credits for use solely for deduction from exchange and other fees on DI1 trades, the fixed and variable credits will be valid until the end of the month that follows the month of market-making activity (for example, the credit for June 2024 can be used until July 2024) and is non-renewable.

2.2.2. Examples of remuneration after first month of activity

Fixed amount: BRL 20,000.00 for each market maker.

Variable credit according to quantity of contracts traded:

	Market maker		
Contract month	A	B	C
August/2024	50	100	0
May/2027	100	50	100
August/2032	30	90	70
Sum of weighted contracts	$1 \times 50 + 3 \times 100 + 6 \times 30 = 530$	$1 \times 100 + 3 \times 50 + 6 \times 90 = 790$	$1 \times 0 + 3 \times 100 + 6 \times 70 = 720$
Market maker share	$\frac{530}{2040} = 25.98\%$	$\frac{790}{2040} = 38.73\%$	$\frac{720}{2040} = 35.29\%$

Pool target: 3,000 contracts.

Onscreen volume achieved by market: 2,000 contracts.

Minimum ADV: 550 contracts weighted by contract tenor.

Pool size:

076/2024-PRE

$$\text{Pool} = \frac{2,000}{3,000} \times 300,000 = \text{BRL } 200,000$$

Value of the variable benefit

- Market maker A: BRL 0.00 (failed to reach minimum ADV)
- Market maker B: $\text{BRL } 200,000.00 \times 38.73\% = \text{BRL } 77,460.00$
- Market maker C: $\text{BRL } 200,000.00 \times 35.29\% = \text{BRL } 70,580.00$

Total value (sum of fixed and variable amounts) for market makers with remuneration via bank transfer:

- Market maker A: **BRL 20,000.00.**
- Market maker B: **BRL 77,460.00 + BRL 20,000.00 = BRL 97,460.00.**
- Market maker C: **BRL 70,580.00 + BRL 20,000.00 = BRL 90,580.00.**

Total credit (sum of fixed and variable credits, rounding up round lots) for market makers with remuneration via DI1 fee credits:

- Market maker A: $\frac{(\text{BRL } 20,000.00)}{\text{BRL } 0.60} \cong 33,333$ contracts.
- Market maker B: $\frac{(\text{BRL } 97,460.00)}{\text{BRL } 0.60} \cong 162,433$ contracts.
- Market maker C: $\frac{(\text{BRL } 90,580.00)}{\text{BRL } 0.60} \cong 150,967$ contracts.

3. General provisions

Market makers will be responsible for payment of exchange and other fees in full on DI1 trades that **(i)** exceed the number of contracts announced monthly by B3; and **(ii)** do not match the fee structure rules in item 2. Daily exchange and other

fees on surplus contracts will be accumulated monthly and market makers must pay them by no later than the last business day of the subsequent month.

Market makers that are de-accredited from the program by B3 or request de-accreditation before the end of their obligation will no longer be entitled to the benefits described in this policy.

After the obligation has ended, the market maker's account will be subject to exchange and other fees in accordance with the fee policy then in force, but any remaining credits may still be used for deduction from DI1 futures contract costs.