

December 05, 2024
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CIRCULAR LETTER

Listed B3 Participants

Re.: **Accreditation Process for the U.S. Dollar Referenced Currency Futures
Market Maker Program**

B3 hereby informs you of the accreditation procedures and rules for the U.S. Dollar Referenced Currency Futures Market Maker Program.

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

If the number of applications for accreditation exceeds the number of openings offered, B3 will select the market makers in accordance with the order in which the terms of accreditation are sent.

1. Accreditation procedure

Institutions that wish to take part in this program must request accreditation in accordance with the guidelines set out in the Procedures Guide for the Accreditation of Market Makers, available at www.b3.com.br/en_us/, Products and Services, Trading, Market Maker, Accreditation.

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This program has a specific Term of Accreditation, at [www.b3.com.br/en_us/Products and Services, Trading Market maker, Programs – Listed, Futures, Currency Futures \(USD Pairs\)](http://www.b3.com.br/en_us/Products_and_Services,Trading_Market_maker,Programs-Listed,Futures,Currency_Futures_(USD_Pairs).).

To join the program, interested institutions must send the Term of Accreditation containing their information, while in the body of the email designating the assets in which they wish to make market, to formadordemercadob3@b3.com.br, within the deadline and in accordance with the asset selection rules that are defined herein.

After submitting the Term of Accreditation and starting the program, market makers that wish to trade in a new asset, or substitute or remove an asset in which they already make market, must send a request to formadordemercadob3@b3.com.br, in compliance with the asset selection rules contained herein.

Each institution must accredit itself to make market in at least five assets, being:

- four assets for the mandatory activity previously established by B3 selected in **Group A**; and
- one or more assets that the interested institution selects from those in **Group B**.

Group A – Assets previously established by B3 for the mandatory activity of the interested institutions

- U.S. Dollar per Euro Futures Contract (EUP)
- U.S. Dollar per Pound Sterling Futures Contract (GBR)

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- U.S. Dollar per Australian Dollar Futures Contract (AUS)
- Japanese Yen per U.S. Dollar Futures Contract (JAP)

Group B: Currency futures contracts with at least one freely selected, for the mandatory activity of the interested institutions

- U.S. Dollar per New Zealand Dollar Futures Contract (NZL)
- Canadian Dollar per U.S. Dollar Futures Contract (CAN)
- Norwegian Krone per U.S. Dollar Futures Contract (NOK)
- Swedish Krona per U.S. Dollar Futures Contract (SEK)
- Swiss Franc per U.S. Dollar Futures Contract (SWI)
- Chinese Yuan per U.S. Dollar Futures Contract (CNH)
- Turkish Lira per U.S. Dollar Futures Contract (TUQ)
- Argentine Peso per U.S. Dollar Futures Contract (ARS)
- Chilean Peso per U.S. Dollar Futures Contract (CHL)
- Mexican Peso per U.S. Dollar Futures Contract (MEX)
- South African Rand per U.S. Dollar Futures Contract (AFS)
- Russian Ruble per U.S. Dollar Futures Contract (RUB)

B3 will allocate the institutions selected for each of the contracts in accordance with the number of openings offered. In this allocation procedure, B3 may reduce

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the mandatory minimum quantity of contracts for one or more market makers with the aim of maximizing the number of institutions accredited in the program.

2. Timetable

Term of Accreditation filed	Accounts registered	Activity starts	Obligation ends
By Dec. 16, 2024	Dec. 16, 2024	Jan. 2, 2025	Dec. 30, 2025

B3 may assess duly justified accreditation requests that are made after the deadlines given in this Circular Letter, as long as there are available openings.

B3 may also defer the end of this program. In this case it 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 above date therefor.

B3 may end this program at any time after giving at least 90 days' notice.

3. Activity parameters

Market makers accredited for this program must enter bids and asks in accordance with B3's activity parameters.

The list of assets or derivatives eligible for the program and the respective activity parameters can be found in the document Activity Parameters for Market Makers in Currency Futures (Pairs in USD) available at www.b3.com.br/en_us, Products and Services, Trading, Market maker, Programs – Listed, Futures, Currency Futures (USD Pairs).

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The activity parameters may be changed during the course of the program with the prior consent of the market makers accredited in the futures affected by the parameter change. 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 activity parameters are changed owing to atypical market conditions that change trading patterns or owing to adjustments needed to avoid the creation of artificial demand, supply or pricing conditions.

4. 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. The market makers that require this period must inform B3 of the accounts for market making activities at least ten business days before the program starts. After the test period, B3 will monitor market makers' activities.

5. 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, following the same accreditation criteria foreseen herein.

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

6. 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.

Groups A and B will be considered as separate combinations, as set forth in Circular Letter 084/2023-PRE, dated May 30, 2023, regarding programs that have a combination of assets/derivatives.

When a market maker is de-accredited in one of the assets in the program due to noncompliance with the activity parameters, as set forth in the noncompliance monitoring rules contained in Circular Letter 084/2023-PRE, the measure adopted will depend on the group in which the respective contract is part, as described below.

- If the de-accreditation occurs for one of the assets in Group A, the market maker will de-accredited from all the program's assets, in both Groups A and B.

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- If the de-accreditation occurs for one of the assets of Group B, the market maker may select another contract from the same group in order to remain in the program. This is an optional choice if the market maker is already trading in the minimum quantity of assets required for Group B.

7. 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.

8. Benefits

The institutions accredited in this program will be entitled to the benefits contained in the Benefits and Remuneration Policy described in the Annex hereto, including:

- exemption from the exchange fees and other fees charged on transactions in the assets in which they are accredited, for any contract months
- exemption from the exchange fees and other fees charged on transactions in rollover instruments for the assets in which they are accredited
- remuneration within the criteria, limits, conditions and rules determined by the Benefits and Remuneration Policy described in the Annex hereto, whereby

the market maker must designate one of the options below as a form of receipt:

- by net value paid via bank transfer at source as foreseen in the prevailing tax law on the date the payment is made. In this case, the institution accredited as a market maker must submit the payment data to B3, which in its turn will request information such as NIF code and Iban, among others.
- by granting credits to be used exclusively for paying the exchange fees and other fees that B3 charges on transactions with listed derivatives, regardless of the product traded. The credits granted will have a non-extendible validity until the end of the month following the market maker activity month. In this case, the market makers must designate an exclusive account for receipt of the benefits.

The benefits will be granted in proportion to the market maker's activity period.

9. General provisions

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

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

Trades that are executed with the asset and the rollover instrument of the asset, in which they are accredited, and that are settled in accounts registered to receive

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exchange fee and other fee exemptions, will not be considered for calculating the ADV of the family to which the product belongs.

Further information can be obtained from the Listed Products Department by telephone on +55 11 2565-4616/5661 or by email at formadordemercadob3@b3.com.br

Gilson Finkelsztain
Chief Executive Officer

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Annex to CIRCULAR LETTER 170/2024-PRE

Benefits and Remuneration Policy for Service Provision for Market Makers in U.S. Dollar Referenced Currency Futures

1. Fee exemptions

Exchange fees and other fees on buy and sell transactions in the futures contracts in which the institution is accredited as a market maker will be reduced to zero. This exemption will apply to the market maker's transactions in any contract month in which they are accredited, whether mandatory or non-mandatory.

Exchange fees and other fees will also be reduced to zero on transactions in the rollover instruments specific to the assets in which the institution is accredited as a market maker.

2. Remuneration

B3 will award remuneration to the market makers within the limits, conditions and criteria established below.

Assessment of the remuneration to which every market maker will be entitled will occur in the month immediately following the end of each quarter, so that there can be effective payment of the remuneration, when applicable, by the last business day of the month that follows the end of each quarter.

2.1. Market makers' eligibility for remuneration

To be eligible for remuneration, the market maker must have a cross orders volume that is lower than 30% of the total trading volume in at least five assets in which it has been accredited. The percentage of cross orders in relation to total trading volume will be assessed for each asset individually and must be lower than 30% of each of them.

2.2. Maximum value of the variable remuneration per asset

For each asset in Group A, there will be the quarterly definition of the maximum value to be shared with the eligible market makers.

The maximum value of the total amount to be shared among the market makers will be the equivalent of 15% of the net revenue obtained by B3 in the quarter prior to the activity of the market makers, for each asset in Group A.

2.3. Onscreen ADV % target for the market

To determine the market makers' remuneration in this program, B3 will assess onscreen ADV %, that is, the average daily volume percentage of contracts not originating from cross orders per quarter in relation to the total average daily volume of contracts.

In each quarter of the program, there will be an Onscreen ADV % target for the market (Onscreen ADV % Target) for each asset in Group A, corresponding to 80%.

2.4. Calculation of the variable remuneration per asset

In the month that follows the end of each quarter (April 2025, July 2025, October 2025 and January 2026), B3 will calculate the proportion of the Onscreen ADV % Target reached by the market for each asset in Group A:

$$P_{\text{asset}} = \text{MAX} \left(1 ; \frac{\text{Onscreen ADV}\%_{\text{asset}}}{\text{Onscreen ADV}\% \text{ Target}_{\text{asset}}} \right)$$

Where:

P_{asset} = proportion of Onscreen ADV % Target of the asset reached by the market

$\text{Onscreen ADV}\%_{\text{asset}}$ = total Onscreen ADV of the asset in the period

$\text{Onscreen ADV}\% \text{ Target}_{\text{asset}}$

= Target of 80% of Onscreen ADV that B3 defined for the asset

The total amount to be shared with the market makers eligible for each asset will be defined in accordance with the following formula:

$$M_{\text{asset}} = P_{\text{asset}} \times VM_{\text{asset}}$$

Where:

M_{asset} = full amount to be shared per asset

P_{asset} = Onscreen ADV % Target proportion of the asset reached by the market

VM_{asset} = maximum value of the total amount per asset in the period

If more than three market makers meet the eligibility criteria to receive the variable remuneration in a single asset in Group A, B3 will select the three that had the best performance (based on the Onscreen ADV traded by the market makers) to receive the remuneration. The total amount will be divided among the selected market makers proportional to the Onscreen ADV they traded.

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In the case of three or fewer market makers meeting the eligibility criteria for a single asset in Group A, the total amount will be divided among these market makers selected based on the Onscreen ADV they traded.

The remuneration value for each market maker in each asset will be calculated according to the following formula:

$$\begin{aligned} & \text{Asset remuneration}_{\text{per MM}} \\ &= \text{Top3 Onscreen market share}_{\text{asset}} \% \times M_{\text{asset}} \end{aligned}$$

Where:

$$\text{Top3 Onscreen market share}_{\text{asset}} \% = \frac{\text{Onscreen ADV}_{\text{MM in the asset}}}{\text{Onscreen ADV}_{\text{Total of the Top 3 MMs in the asset}}}$$

M_{asset} = total amount to be shared per asset

2.5. Definition of the total remuneration for the market maker

Once the remuneration value per Group A asset has been calculated for each market maker in accordance with the criteria of items 2.1 to 2.4, the total remuneration for each market maker in the quarter will be defined according to the following formula:

$$\begin{aligned} & \text{Total Remuneration}_{\text{per MM}} \\ &= \text{MAX (BRL 30,000.00 ; } \sum \text{ Asset remuneration}_{\text{per MM}} \text{)} \end{aligned}$$

Therefore:

- if the sum total of the market maker's remuneration for each asset in Group A is less than BRL 30,000.00, the market maker will receive minimum

remuneration equal to approximately BRL 30,000.00, considering that there will be discounts on the taxes levied on the transaction, in accordance with the prevailing legislation at the time of payment, as long as it has met the eligibility criteria

- if the sum total of the market maker's remuneration for each asset in Group A is more than BRL 30,000.00, the market maker will receive remuneration in accordance with the definitions of items 2.1 to 2.4, in consideration of the subsequent discounts on the taxes levied on the transaction, in accordance with the prevailing legislation at the time of payment, as long as it has met the eligibility criteria

All calculations will be rounded off to zero decimal places.