

November 14, 2018

013/2018-VPC

C I R C U L A R L E T T E R

To: B3's Market Participants – BM&FBOVESPA Segment

Re: **Market Maker Accreditation Process for the Ten-Year U.S. Treasury Note Futures Contract (T10).**

For the above-referred program, up to five (5) Market Makers will be accredited. If the number of accreditation requests exceeds the number of available openings, the Market Makers to be accredited will be selected at the sole discretion of B3.

Accreditation process

The parties interested in participating in the program should review the Procedures Guide for the Accreditation of Derivatives Contract Market Makers, which is available at [http://www.b3.com.br/en_us/Products and Services, Trading, Market Maker, Join in, Accreditation](http://www.b3.com.br/en_us/Products_and_Services/Trading/Market_Maker/Join_in_Accreditation).

Timeframes

Filing of Accreditation Instrument	Account registration	Deadline for start of activity	End of link
By November 20, 2018	November 30, 2018	December 14, 2018	December 13, 2019

B3 may, at its sole discretion, review accreditation applications submitted outside of the time frames indicated above, provided they are duly justified.

Activity parameters

The Market Makers accredited for this program will quote bids and offers in accordance with the following activity parameters:

Underlying asset	Mandatory contract months	Maximum Spread (USD)	Round lot (contracts)	Activity period during trading session
Ten-Year U.S. Treasury Note Futures Contract (T10)	1 st	0.250	30	80%
	2 nd			

The Market Makers must provide quotes up to five (5) business days before the maturity date of the mandatory contract month. As of the fourth business day prior to such expiration date, Market Makers' activity is no longer mandatory for the first contract month, and their obligation shall pass on to the subsequent contract months authorized for trading.

Bids and offers for the second (2nd) contract month must be registered only as of the tenth (10th) business day prior to the maturity date of the first (1st) contract month.

The activities parameters listed above may be changed at any time during the effectiveness of the program by prior agreement among the accredited Market Makers. B3 will announce to the Market Makers any proposals to change such parameters, which must be answered in writing within seven (7) business days. The absence of a timely response will be considered as a consent to the proposed change.

Prior market maker consent will not be needed whenever changes in activity parameters result from atypical market situations that modify trading patterns or require adjustments to avoid the creation of artificial conditions of demand, supply or price.

Test period

The accredited Market Makers will enjoy the benefits specified below, without having to meet the activity parameters listed above, within the period of ten (10) business days before the start of their mandatory activity, so that they can execute connectivity, trading session and order routing tests, as well as other required technological configurations. After the end of the test period, the Market Makers' activities will be monitored by B3.

Maximum number of parameter breaches

Accreditation to this Market Maker program may be cancelled in the event of more than twelve (12) unjustified breaches of the parameters and/or obligations set forth in this Circular Letter and in the Agreement of Accreditation for Market Maker Activity, or if there is a justification not accepted by B3.

Minimum timeframe for activity

If a Market Makers desists from the accreditation process without having begun its activities under this Program, it will be exempted from meeting the minimum activity period of thirty (30) days required by Circular Letter 109/2015-DP, dated October 08, 2015. If withdrawal occurs after the start of its activity, the Market Makers must, without fail, comply with the thirty (30) days prior notice, so that the de-accreditation may be communicated to the market.

Waiver of obligations

On New York or Chicago market holidays, the Market Makers will be exempted from complying with the activities parameters established under this program. Furthermore, they will be waived out of the mandatory activity during periods when there are no trading sessions on the CME Group electronic trading platform.

Benefits

The accredited Market Makers will be exempted from the payment of the Exchange fees and of any other fees charged on transactions with any contract month involving this program's underlying asset.

The flow of messages, trades and volumes generated by the accredited Market Makers will not be considered for the purposes of the Policy for the Control of Trading Messages, as set forth in Circular Letters 039/2013-DP, of May 27, 2013, and 050/2013-DP, of July 30, 2013.

General provisions

Any issues regarding the accreditation process and Program not explicitly addressed here will be resolved by B3.

Further information can be obtained from the Chief Product and Client Officer's team by telephone at +55 11 2565-4218/7119/5973 or by email at formadordemercadob3@b3.com.br.

José Ribeiro de Andrade
Chief Product and Client Officer

Cícero Augusto Vieira Neto
Chief Operating Officer