

September 28, 2018

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CIRCULAR LETTER

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

Re: **Market Maker Accreditation Process for U.S. Dollar Options.**

For this Program, up to three (3) Market Makers will be accredited for U.S. Dollar Options Contracts (U.S. Dollar options). If the number of accreditation requests surpasses the number of available openings, the Market Makers to be accredited will be selected at the sole discretion of B3.

Accreditation process

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 (Guide), at www.b3.com.br/en_us, Products and Services, Trading, Market Maker, Join in, Accreditation.

Timeframe

Filing of Accreditation Instrument	Account registration	Deadline for start of activity	End of link
By October 3, 2018	October 5, 2018	October 15, 2018	June 30, 2019

B3 may at its sole discretion assess any accreditation applications submitted outside the timeframe stipulated in this Circular Letter, provided they are duly justified.

Priority in the accreditation of new programs

The Market Makers accredited in this Program will be given priority in the selection for accreditation in the new Market Maker programs to be disclosed by B3 to trade: (i) Mini U.S. Dollar Options Contract (Mini U.S. Dollar Options); and (ii) Mini U.S. Dollar Options Contract – Weekly Expiration (Weekly Mini U.S. Dollar Options).

The Market Maker programs for Mini U.S. Dollar Options and Weekly Mini U.S. Dollar Options are subject to the approval of the products by the regulator.

The programs will be renewed annually for a total period of at least three (3) years, starting from the beginning of the Program announced in this Circular Letter, with readjustments to the activity model and parameters.

Activity parameters

The Market Makers accredited in this Program must make bids and offers in accordance with the following activity parameters (Parameters):

Activity period	Mandatory contract months	Round lot (contracts)	Maximum spread (R\$/US\$1,000)	Activity times
Until Oct. 31, 2018	1st and 2nd	100	8.00	80% of the time between 10 am and 11 am and between 3 pm and 4 pm
From Nov. 1, 2018 to June 30, 2019	1st	100	2.50	80% of the time between 9 am and 6 pm
	2nd	100	3.00	

Market Makers must make bids and offers according to the contract months shown in the table above and their activity is mandatory up to two (2) business days immediately prior to the contract expiration date. It should be noted that after this deadline, the Market Maker is obliged to trade in the subsequent contract month.

Mandatory series and Market Maker selection rules are available at www.b3.com.br/en_us/, Products and Services, Trading, Market Maker, Derivatives, Options.

Test period

Market Makers may enjoy the benefits specified below without having to observe the Parameters up to four (4) business days before the start of their mandatory activity so that they can execute connectivity, trading session and order routing tests, as well as the necessary technological configurations. Please note that to enjoy this period of benefit, they must register accounts by October 5, 2018. After the test period, 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 the justification is not accepted by B3.

Minimum timeframe for the activity

If a Market Maker 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 8, 2015. If withdrawal occurs after the start of its activity, the Market Maker must comply with the thirty-day notice period without fail, so that its de-accreditation may be communicated to the market.

Benefits

Accredited institutions will be exempted from exchange fees and other fees levied on U.S. Dollar options traded in all series, including non-mandatory series.

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Accredited institutions will also be exempted from exchange fees and other fees levied on trades carried out in the same futures market trading session for delta hedging purposes.

The futures contracts eligible for exemption of the U.S. Dollar options delta hedging are the U.S. Dollar Futures Contract (DOL) and the Mini U.S. Dollar Futures Contract (WDO).

For the purposes of this Program, the delta hedging percentage considered will be 50% (fifty per cent) in proportion to the futures contract notional value, to be applied to the quantity of options traded in all underlying asset series on the day it is calculated.

Futures market trades that exceed the quantity equivalent to 50% (fifty per cent) of the delta hedging in proportion to the futures contract notional value will be subject to an exchange fee of USD1.00 per U.S. Dollar Futures Contract (DOL) and USD0.20 per Mini U.S. Dollar Futures Contract (WDO). The conversion of costs into Brazilian Reals is based on the put PTAX pertaining to the last day of the month prior to the contract trading date. In such case, differentiation by type of investor, progressive discount policies by average daily trading volume (ADTV) or by day trade volume, or any other discounts that B3 may introduce, will not be considered.

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

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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 on +55 11 2565-4218 / 2565-7119 / 2565-5973 or by email at formadordemercadob3@b3.com.br.

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