

January 09, 2019

003/2019-PRE

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

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

Re.: **Changes to the BM&FBOVESPA Clearinghouse Risk Management Manual – Publication of New Version.**

B3 hereby informs you that, on **January 11, 2019**, a new version of the BM&FBOVESPA Clearinghouse Risk Management Manual will come into effect containing alterations, described below, associated with (i) corrections to the formula referring to the complementary model for calculating intraday risk – master account segregation; (ii) improvement of the procedure for the publication and periodical application of acceptance limits relative to shares of stocks, ADRs, ETF shares, and units; and (iii) correction to the description of the utilization limits for illiquid collateral.

Chapter 4 – Intraday risk monitoring

- **Section 4.3 – Post-trade risk monitoring**

- (i) In subsection “4.3.2.3 – Complementary model for calculating intraday risk – Master account segregation,” formula 4.7 has been corrected to reflect the wording that describes it.

Chapter 6 – Collateral management

- **Section 6.3 – Limits for accepting assets as collateral**

- (ii) In subsection “6.3.4 – Acceptance limits for shares of stocks, ADRs, ETF shares and certificates of deposit of shares (units),” if any such asset ceases to be accepted as collateral by the BM&FBOVESPA Clearinghouse or if the corresponding acceptance limit is reduced, the new criteria will be applied for adjustment purposes as of the date to be

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established by B3, at its own discretion, on a case-by-case basis, and no longer as of and including the 1st business day following the 15th day of the current month. Such an amendment is intended to provide flexibility to B3 in defining the time frame available to the participants to replace the assets posted as collateral, in case of lowered acceptance limits.

- (iii) In subsection “6.3.5 – Utilization limits for illiquid collateral,” the implemented change has the purpose to better describe the limit for illiquid collateral, in order to make the discount of the liquidity resource explicit.

The updated version of the document will be available at www.b3.com.br/en_us/, Regulation, Regulations and manuals, Clearing, settlement and risk management, Access the documents, BM&FBOVESPA Clearinghouse.

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