

November 5, 2019

079/2019-PRE

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

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

Re: **Accreditation Process for Market Makers in Options on Single Stocks**
ABEV3, B3SA3, BOVV11, BRFS3, BRML3, CCRO3, CIEL3, CMIG4,
CPLE6, CSAN3, ECOR3, ELET3, ENBR3, ITUB4, JBSS3, KLBN11,
LREN3, MRVE3, NATU3, QUAL3, RENT3, SANB11, SBSP3, SMLS3,
TIMP3, UGPA3, USIM5, VIVT4 and WEGE3.

Up to five market makers will be accredited under this program for each of the securities listed below.

Ambev S.A. (ABEV3)	Klabin S.A. (KLBN11)
B3 S.A. – Brasil, Bolsa, Balcão (B3SA3)	Lojas Renner S.A. (LREN3)
BRF S.A. (BRFS3)	MRV Engenharia e Participações S.A. (MRVE3)
BR Malls Participações S.A. (BRML3)	Natura Comésticos S.A. (NATU3)
CCR S.A. (CCRO3)	Qualicorp S.A. (QUAL3)
Cielo S.A. (CIEL3)	Localiza Rent a Car S.A. (RENT3)
Cemig (CMIG4)	Banco Santander Brasil S.A. (SANB11)
Copel (CPLE6)	Sabesp (SBSP3)
Cosan S.A. (CSAN3)	Smiles Fidelidade S.A. (SMLS3)
ETF IT NOW Ibovespa (BOVV11)	TIM Participações S.A. (TIMP3)
Ecorodovias S.A. (ECOR3)	Ultrapar Participações S.A. (UGPA3)
Eletrobras (ELET3)	Usiminas S.A. (USIM5)
EDP – Energias do Brasil S.A. (ENBR3)	Telefônica Brasil S.A. (VIVT4)
Itaú Unibanco Holding S.A. (ITUB4)	Weg S.A. (WEGE3)
JBS S.A. (JBSS3)	

Selection procedure

Institutions that wish to take part in the program must request accreditation by completing the Expression of Interest form with their name, address and other details, and a list of the securities for which they wish to act as market maker, and sending it by email to Circular Letter.

The Expression of Interest form is available at www.b3.com.br, Products and Services, Trading, Market Maker, Join in, Contracts, Options.

After receiving the Expression of Interest, B3 will allocate the selected institutions to each of the securities indicated in the respective application, respecting the number of openings offered, and will announce the institutions selected for each security.

If the number of accreditation requests exceeds the number of openings offered for each security, B3 will at its sole discretion selected the institutions to be accredited and the securities to be allocated to each institution from those listed in the respective Expression of Interest, with the aim of maximizing the number of market makers accredited under this program.

Accreditation procedure

The institutions selected must formalize their accreditation as market makers for the securities concerned by signing the Accreditation Instrument by the deadline stipulated in this Circular Letter.

Guidance on the procedure for returning the Accreditation Instrument can be found in the Guide to Procedures for the Accreditation of Market Makers (Accreditation Guide), available at www.b3.com.br/en_us, Products and Services, Trading, Market Maker, Join in, Accreditation.

Institutions that have not yet signed the Market Maker Accreditation Agreement with B3 must follow the procedures set out in items 4, 5 and 6 of the Accreditation Guide.

For accreditation under this program, a specific Accreditation Instrument form is available at www.b3.com.br, Products and Services, Trading, Market Maker, Join in, Contracts, Options.

Eligible securities and activity parameters

Market makers accredited under this program must register bids and asks in accordance with the activity parameters described below.

Security	Minimum lot	Spread	Minimum activity during trading session	Contract months
ABEV3	20,000	0.04	80% including 1/3 of last 30 minutes of trading session	1st and 2nd
B3SA3	10,000	0.07		
BOVV11	2,000	0.12		
BRFS3	7,000	0.07		
BRML3	15,000	0.03		
CCRO3	14,000	0.05		
CIEL3	20,000	0.03		
CMIG4	15,000	0.05		
CPLE6	5,000	0.10		
CSAN3	5,000	0.10		
ECOR3	15,000	0.05		
ELET3	10,000	0.10		
ENBR3	10,000	0.05		
ITUB4	30,000	0.04		
JBSS3	10,000	0.07		
KLBN11	10,000	0.05		
LREN3	7,000	0.10		
MRVE3	10,000	0.05		
NATU3	5,000	0.15		
QUAL3	7,000	0.06		
RENT3	6,000	0.10	80% including 1/3 of last 30 minutes of trading session	1st and 2nd
SANB11	10,000	0.09		
SBSP3	5,000	0.10		
SMLS3	7,000	0.10		
TIMP3	6,000	0.04		
UGPA3	10,000	0.05		
USIM5	21,000	0.03		
VIVT4	5,000	0.10		
WEGE3	12,000	0.05		

Market makers are required to trade for at least ten minutes in the last thirty minutes of each trading session. They are also required to register bids and asks until the fifth business day before expiration of the first contract month available

for trading. As of the fourth business day before these dates, they are not obliged to trade in the first contract month but must trade in the subsequent contract months authorized for trading.

The activity parameters may be changed during the course of the program with the prior consent of the market makers accredited for the program. 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 parameters are changed owing to atypical market situations that incur a change in trading patterns or to adjustments required to avoid the creation of artificial demand, supply or pricing conditions.

The mandatory series and rules for market maker selection are available at www.b3.com.br/en_us, Products and Services, Trading, Market maker, Derivatives, Options.

Timetable

Filing of Expression of Interest	Announcement of selected market makers	Filing of Accreditation Instrument	Account registration	Start of activity	End of obligation
By Nov. 12, 2019	Nov. 15, 2019	By Nov. 22, 2019	Nov. 29, 2019	Dec. 16, 2019	Dec. 11, 2020

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

Test period

Market makers enjoy the benefits specified in this Circular Letter without having to observe the activity parameters for up to ten business days before the start of their mandatory activity so that they can execute connectivity, session and order routing tests, as well as the necessary technological configurations, provided they

previously submit a request for this test period to B3. After the test period, market makers' activities will be monitored by B3.

Deaccreditation

In the event of deaccreditation of market makers for the securities listed in this program, B3 may select other institutions that have expressed interest in the securities concerned to replace the deaccredited institutions.

Accreditation and deaccreditation 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 event of more than twelve (12) unjustified breaches of the activity parameters and/or of the obligations set forth in this Circular Letter, in the Market Maker Accreditation Agreement and in the Accreditation Instrument, or if the justification is not accepted by B3.

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, provided it gives B3 notice at least seven days before the scheduled start of its activity. If a market maker withdraws after this period, it must give thirty days notice period without fail so that its deaccreditation can be communicated to the market.

Benefits

Accredited market makers will be exempt from exchange fees and other fees on trades in all the option series concerned, including non-mandatory series.

They will also be exempt from payment of exchange and other fees on trades in the option underlyings performed in the cash or futures markets for the purpose of delta hedging in the same trading session as the options.

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

Market makers that exceed the above delta hedging limit on one or more days will have to pay exchange fees and the other fees on the excess volume, in accordance with the fee policy in force for the cash market in equities. In this case there will be no discounts based on day trade volume, and any other discounts B3 may introduce in future will not apply.

Excess volume will be defined by multiplying the excess quantity by the average price of the security traded by the market maker on the day in question.

Market makers will be responsible for paying the full amount of the exchange fees and settlement fees on daily excess volumes accumulated in any given month on the second business day of the subsequent month.

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 Trading Messages, as set forth in Circular Letter 039/2013-DP, dated May 27, 2013, and Circular Letter 050/2013-DP, dated July 30, 2013.

General provisions

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

Further information can be obtained from the Chief Product and Client Officer's team by telephone on +55 11 2565 4616/4042 or by email at formadordemercadob3@b3.com.br.

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