

May 30, 2019
008/2019-VPC

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 Put Options on PETR4 and VALE3, and for Options on Single Stocks BRKM5, EMBR3, EQTL3, HYPE3, LAME4, MULT3, RADL3, RAIL3, SUZB3, BBDC3, BBSE3, BRAP4, BOVA11, CSNA3, CYRE3, ELET6, ESTC3, GGBR4, KROT3 e PCAR4.**

Up to five market makers will be accredited under this program for the set of put options on shares in Petrobras S.A. (PETR4) and Vale S.A. (VALE3), and for options on single stocks issued by the following twenty companies:

Braskem S.A. (BRKM5)	BB Seguridade S.A. (BBSE3)
Embraer S.A. (EMBR3)	Cotas do ETF iShares Ibovespa (BOVA11)
Equatorial Energia S.A. (EQTL3)	Bradespar S.A. (BRAP4)
Hypera S.A. (HYPE3)	Cia Siderúrgica Nacional (CSNA3)
Lojas Americanas S.A. (LAME4)	Cyrela (CYRE3)
Multiplan Empreendimentos Imobiliários S.A. (MULT3)	Eletróbrás S.A. (ELET6)
Raia Drogasil S.A. (RADL3)	Estácio Participações (ESTC3)
Rumo S.A. (RAIL3)	Gerdau S.A. (GGBR4)
Suzano Papel e Celulose S.A. (SUZB3)	Kroton Educacional S.A. (KROT3)
Banco Bradesco S.A. (BBDC3)	Pão de Açúcar (PCAR4)

If the number of accreditation requests exceeds the number of openings, the market makers to be accredited will be selected at the sole discretion of B3.

Market makers accredited for this program must make bids and asks for all the options mentioned above. Partial accreditation will not be allowed.

Accreditation procedure

Institutions that wish to take part in the program are advised to consult the Procedures Guide for the Accreditation of Market Makers, available at www.b3.com.br/en_us, Products and Services, Trading, Market Maker, Join in, Accreditation.

Timetable

Filing of accreditation instrument	Account registration	Start of activity	End of obligation
Until June 11, 2019	June 14, 2019	July 1, 2019	June 30, 2020

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

Activity parameters

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

Security	Spread (R\$)	Minimum lot	Contract months	Minimum activity during trading session
PUT PETR4	0.02	30,000	1st	80%, including 1/3 of last 30 minutes of trading session
	0.03	20,000	2nd	
	0.06	15,000	1st quarterly	
	0.08	15,000	2nd quarterly	
	0.09	15,000	3rd quarterly	
PUT VALE3	0.03	15,000	1st	
	0.06	10,000	2nd	
	0.12	10,000	1st quarterly	
	0.15	10,000	2nd quarterly	
	0.16	10,000	3rd quarterly	
BRKM5	0.10	3,000	1st and 2nd	
EMBR3	0.05	10,000		
EQTL3	0.13	2,500		
HYPE3	0.10	6,000		
LAME4	0.05	10,000		
MULT3	0.05	8,000		
RADL3	0.15	2,000		
RAIL3	0.04	12,000		

Security	Spread (R\$)	Minimum lot	Contract months	Minimum activity during trading session
SUZB3	0.10	8,000		
BBDC3	0.09	7,500		
BBSE3	0.07	10,000		
BOVA11	0.09	10,000		
CSNA3	0.07	8,000		
CYRE3	0.05	10,000		
ELET6	0.05	8,500		
ESTC3	0.07	6,000		
GGBR4	0.03	10,000		
BRAP4	0.05	4,000		
KROT3	0.03	12,000		
PCAR4	0.20	1,500		

For additional mandatory series of put options on PETR4 and VALE3, market makers will be allowed to operate with twice the above spread. All other parameters (minimum lot and mandatory contract months) will remain unchanged.

Market makers are required to trade for at least ten minutes in the last 30 (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 and first quarterly contract available for trading. As of the fourth business day before these dates, they are not obliged to trade in the first contract month and first quarterly contract, but must trade in the subsequent contract months authorized for trading.

The following table shows the full grid:

Period		1st	2nd	Period		1st qtr	2nd qtr	3rd qtr
Starts	Ends			Starts	Ends			
Jul. 1, 2019	Jul. 5, 2019	Jul/19	Aug/19	Jul. 1, 2019	Jul. 5, 2019	Jul/19	Oct/19	Jan/20
Jul. 8, 2019	Aug. 12, 2019	Aug/19	Sep/19	Jul. 8, 2019	Oct. 14, 2019	Oct/19	Jan/20	Apr/20
Aug. 13, 2019	Sep. 9, 2019	Sep/19	Oct/19					
Sep. 10, 2019	Oct. 14, 2019	Oct/19	Nov/19					
Oct. 15, 2019	Nov. 8, 2019	Nov/19	Dec/19	Oct. 15, 2019	Jan. 13, 2020	Jan/20	Apr/20	Jul/20
Nov. 11, 2019	Dec. 9, 2019	Dec/19	Jan/20					

Period		1st	2nd	Period		1st qtr	2nd qtr	3rd qtr
Starts	Ends			Starts	Ends			
Dec. 10, 2019	Jan. 13, 2020	Jan/20	Feb/20					
Jan. 14, 2020	Feb. 10, 2020	Feb/20	Mar/20	Jan. 14, 2020	Apr 13, 2020	Apr/20	Jul/20	Oct/20
Feb. 11, 2020	Mar. 9, 2020	Mar/20	Apr/20					
Mar. 10, 2020	Apr. 13, 2020	Apr/20	May/20					
Apr. 14, 2020	May 11, 2020	May/20	Jun/20	Apr 14, 2020	Jun. 30, 2020	Jul/20	Oct/21	Jan/21
May 12, 2020	Jun. 5, 2020	Jun/20	Jul/20					
Jun. 8, 2020	Jun. 30, 2020	Jul/20	Aug/20					

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.

Test period

Market makers enjoy the benefits specified below 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. After the test period, market makers' activities will be monitored by B3.

Maximum number of parameter breaches

Any market maker's accreditation to 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 and in the Market Maker Activity Accreditation Agreement, 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. If a market maker withdraws after the start of its activity, it must comply

with the thirty-day 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 asset on the day it is calculated.

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 message flows, trades and volume generated by the accredited institutions will not be considered for the purposes of the Trading Message Control Policy, as per Circular Letter 039/2013-DP, dated May 27, 2013, and Circular Letter 050/2013-DP, dated July 30, 2013.

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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 5026/5860/5338/5185 or by email at formadordemercadob3@b3.com.br.

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