

May 23, 2019
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C I R C U L A R L E T T E R

To: B3's Market Participants – Listed

Re: **Market Maker Accreditation Process for Options on Bovespa Index (IBOV11) and Options on iShares Ibovespa ETF (BOVA11).**

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

| | |
|-----------------------------------|-------------------------------|
| Bovespa Index (Ibovespa) – IBOV11 | iShares Ibovespa ETF (BOVA11) |
|-----------------------------------|-------------------------------|

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.

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 07, 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 execute buy and sell orders in accordance with the activity parameters described below.

| Security | Minimum lot | Spread | Minimum activity during trading session | Contract months |
|---------------|-------------|------------|--|--------------------|
| BOVA11 | 10,000 | 0.09 | 80%, including 1/3 of last 30 minutes of trading session | 1st and 2nd |
| IBOV11 | 50 | 100 points | | 1st and 2nd - even |
| | 20 | 150 points | | 3rd - even |
| | 50 | 150 points | 1st - odd | |

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 available for trading. As of the fourth business day before expiration of the first contract month, they are not obliged to trade in the first contract month but must trade in the next two 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.

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 options on BOVA11, the benefit will be applicable only in the cash market for the option underlying. For options on IBOV11, the benefit will be applicable only in the futures market (standard and mini contracts) for the option underlying. The delta hedging percentage considered will be fifty per cent (50%), to be applied to

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the quantity of options traded in all non-mandatory and mandatory series on the day it is calculated.

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.

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

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