

28 de maio de 2019
007/2019-VPC

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

To: B3's Market Participants – Listed

Re: **Accreditation of Market Makers for Options on Spot U.S. Dollar, Mini Options on Spot U.S. Dollar and Mini Options on Spot U.S. Dollar– Weekly Expirations.**

Up to three market makers will be accredited under this program.

Please note that to take part in this program, the market maker must adhere to all assets mentioned in this Circular Letter.

If accreditation requests exceed the number of places offered, B3 will select the Market Makers for accreditation at its sole discretion.

Accreditation procedure

Institutions that wish to take part in this program should seek guidance in 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
By June 7, 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 following activity parameters:

Contract	Mandatory contract months	Round lot (contracts)	Maximum spread (BRL/USD1,000)	Activity timetable
Option on Spot U.S. Dollar	1 st	100	2.50	80% of the period between 9:00 a.m. and 6:00 p.m.
	2 nd		3.00	
Mini Option on Spot U.S. Dollar	1 st	500	2.50	
	2 nd		3.00	
Mini Option on Spot U.S. Dollar – Weekly Expirations	1 st and 2 nd	500	3.00	
	3 rd		2.50	

Market makers must register buy and sell orders for the above contract months up until the second business day before contract expiration. Thereafter, they are obliged to trade the subsequent contract month.

Activity parameters may be changed during the program, with the prior consent of market makers accredited for the assets affected by the change. B3 will make a formal proposal to change the market makers' activity parameters, which must be answered in writing within seven business days. The lack of a timely answer will be considered consent for the proposed change.

The market maker's prior consent will not be required if the parameters change because of atypical market situations that result in altered trading patterns or because of adjustments to prevent artificial supply, demand or price conditions.

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

Test period

Market makers can 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 perform connectivity, session and order routing tests and make necessary technological configurations.

Maximum number of parameter breaches

Market makers' accreditation to this program may be cancelled in the event of more than twelve 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 withdraws 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 series, including non-mandatory series, of the U.S. Dollar Option,

Mini U.S. Dollar Option and Weekly Mini U.S. Dollar Option. They will also be exempt from paying exchange fees and other fees on futures trades executed for purposes of delta hedging in the same trading session as the options.

The futures contracts eligible for exemption of fees on delta hedging for U.S. Dollar Options 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 fifty per cent (50%) in proportion to the notional value of the futures contract, to be applied to the quantity of options traded in all series of the underlying asset on the day it is calculated.

Futures market trades that exceed the quantity equivalent to fifty per cent (50%) of delta hedging in proportion to the notional value of the futures contract will be subject to an exchange fee of USD1.00 per U.S. Dollar Futures Contract and USD0.20 per Mini U.S. Dollar Futures Contract.

These fees will be translated into Brazilian Reals at the PTAX sell rate for the last day of the month prior to the contract trading date, and will not be eligible for differentiation by investor type, progressive discount policies in accordance with average daily trading volume (ADTV) or day-trade volume, or any other discounts B3 may introduce.

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.

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Further information can be obtained from the Chief Product and Client Officer's team by telephone on +55 11 2565 4218/7119/5973 or by email at formadordemercadob3@b3.com.br.

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