June 13, 2019

043/2019-PRE

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

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

Re: **Auction Tunnel and Rejection Tunnel – Change to Reference Price for Single Stock and Unit Futures.**

As of **July 17, 2019** inclusive, B3 will change the methodology for calculating the reference price (tunnel center) used to calculate auction tunnels and rejection tunnels in the PUMA Trading System for the following single stock and unit futures:

- B3SA3 futures – B3 (B3SAO);

- CCRO3 futures – CCR Rodovias (CCROO);

- CIEL3 futures – Cielo (CIELO);

- CMIG4 futures – Cemig (CMIGP);

- HYPE3 futures – Hypera (HYPEO);

- KROT3 futures – Kroton (KROTO);

- PCAR4 futures – Grupo Pão de Açúcar (PCARP);

- PETR4 futures – Petrobras (PETRP);

- PSSA3 futures – Porto Seguro (PSSAO);

- USIM5 futures – Usiminas (USIMA);

- VALE3 futures – Vale (VALEO);

- VVAR3 futures – Via Varejo (VVARO).

This free translation is not legally binding. Any questions arising from the text should be clarified by consulting the original in Portuguese. In the event of any discrepancy, the original in Portuguese shall prevail.

1

The rejection tunnel prevents registration of orders with prices or quantities that infringe the parameters set. The purpose of the auction tunnel is to trigger the auction mechanism as soon as an order that is being matched infringes the parameters set. The parameters for both tunnels are set by B3.

The new methodology is designed to enhance the model for calculating the prices of single stock and unit futures, using the observed market price or the price of the last trade as the reference price, which will be determined as follows:

- **Before execution of the day's first cash-market trade in the underlying security:**

  - **All contract months:** The center of the rejection tunnel will be the observed market price or, in its absence, the settlement price.

- **After execution of the day's first cash-market trade in the underlying security:**

  - **All contract months:** The center of the rejection tunnel will be the price of the last trade or the observed market price, whichever is more recent. The observed market price for these contracts is defined by the sum of the price of the last trade in the underlying security and the calculated spread (the difference between the settlement price of the futures contract and the closing price of the underlying). The observed market price will be updated whenever positive or negative variation of half a per cent (0.5%) in the price of the underlying occurs.

At any time during the course of a trading session B3 may alter the intervals for obtaining observed market prices, the fluctuation limits for use of the observed market price as the reference price, the parameters for rejection and auction tunnels by price fluctuation, and the parameters used in any of these calculations.

The parameters used to calculate these trading tunnels are available at www.b3.com.br/en_us/, Solutions, Platforms, PUMA Trading System, Participants and traders, Rules and trading parameters, Trading tunnel parameters.

This free translation is not legally binding. Any questions arising from the text should be clarified by consulting the original in Portuguese. In the event of any discrepancy, the original in Portuguese shall prevail.

2

The new methodology will be detailed in the updated Trading Procedures Manual and Trading Rulebook, to be published on June 17, 2019, at http://www.b3.com.br/en_us/, Regulation, Regulatory framework, Regulation and manuals, Trading, BM&FBOVESPA Segment.

Further information can be obtained from the Electronic Trading Department by telephone on +55 11 2565-5023 or by email at negociacao@b3.com.br.

Gilson Finkelsztain
Chief Executive Officer

Cícero Augusto Vieira Neto
Chief Operating Officer

This free translation is not legally binding. Any questions arising from the text should be clarified by consulting the original in Portuguese. In the event of any discrepancy, the original in Portuguese shall prevail.

3