

April 30, 2020
054/2020-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 Maker Program in PETR4 and VALE3 Put Options and Options on BRKM5, EMBR3, EQTL3, HYPE3, LAME4, MULT3, RADL3, RAIL3, SUZB3, BBDC3, BBSE3, BOVA11, BRAP4, CSNA3, CYRE3, ELET6, ESTC3, GGBR4, COGN3 and PCAR3**

Up to five market makers will be accredited under this program for put options on shares in Petrobras S.A. (PETR4) and Vale S.A. (VALE3), as well as options on shares in the following 20 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)	Cogna Educação S.A. (COGN3)
Banco Bradesco S.A. (BBDC3)	Pão de Açúcar (PCAR3)

Selection procedure

Institutions that wish to take part in the program must request accreditation by sending the completed Expression of Interest form to formadordemercadob3@b3.com.br by the deadline shown below.

The Expression of Interest form is available at www.b3.com.br/en_us, Products and Services, Trading, Market Maker, Join in, Programs, PETR4 and VALE3 Put Options + Combo.

054/2020-PRE

If the number of applications for accreditation exceeds the number of openings offered, B3 will select the applicants to be accredited by means of the process described in the Annex to this Circular Letter.

Having completed the selection process, B3 will announce individually the institutions selected for the program and the ranking of all the institutions that participated in the process.

Accreditation procedure

The selected institutions must formalize their accreditation as market makers for the securities concerned by signing the Accreditation Instrument and filing it 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 this program, a specific Accreditation Instrument form is available at www.b3.com.br/en_us, Products and Services, Trading, Market Maker, Join in, Programs, PETR4 and VALE3 Put Options + Combo.

Timetable

Expression of Interest filed	Selected market makers announced	Accreditation Instrument filed	Accounts registered	Activity starts	Obligation ends
By May 25, 2020	Jun. 01, 2020	By Jun. 08, 2020	Jun. 15, 2020	Jul. 1, 2020	Jun. 30, 2021

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 enter bids and asks in accordance with the trading parameters defined by B3.

The list of securities eligible for the program and the respective activity parameters can be found in the document Rules for Activity by Market Makers in PETR4 and VALE3 Put Options + Combo, available at www.b3.com.br/en_us, Products and Services, Trading, Market Maker, Join in, Programs, PETR4 and VALE3 Put Options + Combo.

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 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.

De-accreditation

In the event of de-accreditation 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 de-accredited institutions.

Accreditation and de-accreditation 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 and in the Market Maker 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 this period, it must comply with the thirty-day activity requirement without fail so that its de-accreditation can be communicated to the market.

Benefits

Market makers will be exempt from exchange fees and other fees on trades in all PETR4 and VALE3 put option series, and all put and call options on the single stocks in the program, 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 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 for options on stocks, 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 and 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 volume or day trading, 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.

054/2020-PRE

Further information can be obtained from the Chief Product and Client Officer's team by calling +55 11 2565 5860/5338/5185 or emailing formadordemercadob3@b3.com.br.

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Annex to Circular Letter 054/2020-PRE

Selection Process for Market Maker Program in PETR4 and VALE3 Put Options + Combo

1. Eligibility

Only institutions that file a properly completed Expression of Interest form in accordance with this Circular Letter will be considered eligible for the selection process.

2. Selection methods

The five openings available for accreditation of market makers under this program will be divided into two selection methods:

- Two openings reserved for primary allocations;
- Three openings reserved for secondary allocations.

If the two openings reserved for primary allocations are not filled, the remaining openings will be offered for secondary allocations in order to maximize the number of market makers accredited for this program.

2.1 Primary allocation

To be eligible for primary allocations, institutions:

1. Must have been accredited for the previous market maker program;
2. Must have been one of the top performers in the activity period for the previous program.

B3 will announce the institutions eligible for primary allocations, which must confirm their interest in continuing to act as market makers by completing the Expression of Interest form.

2.2 Secondary allocation

Institutions not selected for primary allocation may be selected for secondary allocation on the basis of a scoring system in which those with the highest scores will be accredited for the program.

To calculate each interested institution's score, B3 will analyze the variables shown below with their respective weightings:

- The total number of options for which the institution is accredited and wishes to be accredited: 12%.
- The institution's performance in the previous program: 22%.
- Its share of total trading in the options in the program by the interested institutions: 33%.
- The spread it offers for the options in the program: 33%.

The institution's score will be valid for the entire program, with PETR4 and VALE3 put options and combo options accounting for the following proportions:

- PETR4 put options: 1/4 of the final score;
- VALE3 put options: 1/4 of the final score;
- Combo options: 1/2 of the final score.

The institution must state its proposed spread in its Expression of Interest, based on the reference parameters defined by B3 in the Rules for Activity by Market Makers in PETR4 and VALE3 Put Options + Combo, available at www.b3.com.br/en_us, Products and Services, Trading, Market Maker, Join in, Programs, PETR4 and VALE3 Put Options + Combo.

The proposals filed by institutions will be confidential at all times.

The spread for market makers in the program will be subject to that offered by the institutions selected for secondary allocation and will be updated when the selected market makers are announced.