

June 05, 2017

004/2017-DO

## **CIRCULAR LETTER**

To: B3 Market Participants – Bovespa and BM&F Segments

Re: **Changes to the BM&FBOVESPA Clearinghouse Risk Management Manual – Publication of a New Version.**

B3 hereby informs you that on **June 08, 2017**, a new version of the BM&FBOVESPA Clearinghouse Risk Management Manual will come into effect, with changes in regard to criteria for the acceptance of organized OTC market transactions for the BM&F segment and seeking to promote greater operational efficiency for B3 and its participants.

In the abovementioned OTC market, the acceptance of swap, flexible option and forward transactions by the BM&FBOVESPA Clearinghouse occurs upon verification of compliance with the conditions for the transaction and, as these are forms of registration using the “fully collateralized” and “partially collateralized” registration modes, it also depends on confirmation of the deposit of collateral pursuant to the provisions of Chapter 3 – Risk monitoring of this manual.

As of **June 08, 2017**, the acceptance criterion for swap, flexible option and forward transactions will exclude analysis of the conditions of the transaction (price limits, rate, timeframe and notional value, for example), maintaining checks on the existence of margin deposits.

This analysis shall be executed after registration of the transaction within the scope of B3's activities aimed at the prevention of money laundering and financing of terrorism.

Below are details of the changes made to the aforementioned manual:

(i) Chapter 3 – Risk monitoring

- Adjustment to the chapter's introductory text regarding acceptance of transactions in the organized OTC market;
- Exclusion of sections "3.4 – Acceptance of organized OTC market transactions" and "3.5 – Criteria for transferring ownership of swap contracts".

(ii) Exclusion of Annexes 3 and 4, as they deal with the criteria of limits for acceptance of the registration of OTC market transactions and of flexible option pricing models respectively.

The updated version of the manual will be available at [www.bmfbovespa.com.br](http://www.bmfbovespa.com.br), at Regulation / Regulations and manuals / Post-trade.

The provisions of the Circular Letters listed below and any other previous provisions regarding the acceptance criteria of swap, flexible option and forwards transactions in the organized OTC market of the BM&F segment are expressly revoked:

- 047/1997-SG, of April 08, 1997;
- 006/2000-DG, of January 07, 2000;
- 054/2002-DG, of April 17, 2002;
- 143/2002-DG, of October 25, 2002;
- 045/2005-DG, of April 11, 2005;

- 116/2005-DG, of October 03, 2005;
- 169/2005-DG, of December 29, 2005;
- 016/2006-DG, of February 16, 2006;
- 106/2006-DG, of September 21, 2006;
- 036/2008-DG, of April 23, 2008;
- 006/2008-DP, of May 29, 2008;
- 073/2009-DP, of November 13, 2009;
- 005/2010-DP, of January 15, 2010.

Further information may be obtained from the Risk Management Department, by telephone at (+55 11) 2565-4331.

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