

July 18, 2024
007/2024-VNC

CIRCULAR LETTER

Listed B3 Participants

Re.: **Changes to B3's Trading Procedures Manual – General – Trading**

B3 hereby informs you that on **July 22, 2024**, a new version of B3's Trading Procedures Manual (Manual) will come into effect.

The changes are described in the Annex hereto and:

- (i) establish that trading participants and full trading participants must perform morning connectivity testing of the connections that they consider relevant for their operations
- (ii) exclude certain subsections about extending calls for assets and derivatives
- (iii) clarify that market-on-auction (MOA) and market-on-close (MOC) orders have priority over other order types or qualifiers
- (iv) change the quotation used for calculating the baseline price of unsponsored BDRs to the spot quotation

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- (v) exclude mention of DI futures forward rate volatility structured transactions and of one-day interbank deposit spot rate volatility transactions (VID) due to the cancellation of the listing of these contracts
- (vi) simplify the wording about the differentiated processing of the settlement index for options on indices, in cases where trading is interrupted on the day that these options are exercised
- (vii) correct the section on registration of option series, which incorrectly stated that options are on U.S. Dollar Futures and Mini U.S. Dollar Futures when they are on spot U.S. Dollar
- (viii) include in the mass cancel functionality the possibility of cancelling orders entered from different connections

The new version of the Manual will be available as of **July 22, 2024** at www.b3.com.br/en_us/, Regulation, Regulatory Framework, Regulations and manuals, Trading, Access the documents.

Further information can be obtained from the Electronic Trading Department by telephone on +55 11 2565-5022 or by email at trading@b3.com.br

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Annex to CIRCULAR LETTER 007/2024-VNC

Description of the Changes to B3's Trading Procedures Manual

TITLE II – TRADING ENVIRONMENT

CHAPTER I – CONNECTIONS TO THE TRADING ENVIRONMENT

7. CONNECTIVITY TESTING

Text reformulated to establish that the participants must carry out daily tests of all the connections relevant to the functioning of their activities, in accordance with criteria disclosed on the B3 website, as well as test at least one contingency connection.

CHAPTER III – TRADING

5. Calls

5.1. Opening calls

5.1.1. Opening call extensions

5.2.1. Intermediate call extensions

Exclusion of the subsections as the content is encompassed in item 5.4. Closing call extensions.

5.4. Closing call extensions

Subsection renumbered.

6. AUCTIONS

6.1. Auction rules

6.1.2. Priority

Changes to foresee that market-on-auction (MOA) and market-on-close (MOC) order execution has priority.

6.2. Auction types

6.2.1. Ordinary auctions

6.2.1.3. Baseline price

Change to the quotation used for calculating the baseline price of unsponsored BDRs to a spot quotation, with the objective of avoiding discrepancies and divergencies in the prices announced to the market.

6.2.1.4. Specific reasons for holding an auction

Exclusion of the provision of submitting volatility structured transactions to auction due to the listing cancellation of the one-day interbank deposit spot rate volatility transactions.

7. TRADING TUNNELS

7.3. Rejection tunnels

7.3.2. Type 2 rejection tunnel (based on last price, last updated price, reference price or price of the option's underlying and volatility shock)

In item V, the quotation used for calculating the baseline price of unsponsored BDRs has been changed to a spot quotation, with the objective of avoiding discrepancies and divergencies in the prices announced to the market.

10. MASS CANCEL

The changes have been made to enable mass cancellation of orders from different connections, with only the investor able to cancel all its available orders, originating from the same intermediary, at all the direct market access connections, as long as these connections have the same investor ID

The cancelation functionality allows, through specific designation in the mass cancel message, the blocking and unblocking of the connection or ID via the message. After the mass cancel, the connections through which the orders were entered receive a cancellation confirmation through an execution message with the identification of the type of cancellation.

The objective of these changes is to meet demand from clients, especially HFT clients, for more agile order cancellation in an environment that has ever lower latency. The trading group filter has been substituted by the asset filter, also seeking to meet demand from clients.

TITLE III – ORGANIZED MARKETS

CHAPTER I – EXCHANGE MARKET

3. DERIVATIVES MARKET

3.2. Options market

3.2.6. Registration and settlement of trades

We have made this change to facilitate understanding of the differentiated calculation procedure for the settlement index for options on indices when trading is interrupted on days that these options expire.

3.3. Instrument registration

3.3.3. Registration of option series on U.S. Dollar (DOL), mini U.S. Dollar with monthly expirations (WDO) and weekly expirations (DS1, DS2, DS3, DS4)

Title and content of the subsection corrected, eliminating the incorrect mention of futures contracts.

3.3.4. Registration of option series on one-day interbank deposit rate futures (IDI)

The exclusions from the title and within the subsection result from the cancellation of the listing of the one-day interbank deposit spot rate volatility transaction (VID). The cancellation of this contract is due to the lack of liquidity in the market, despite B3's efforts to develop the product.

3.3.5. Registration of option series on one-day interbank deposit rate futures, European style (D11, D12, D13, D14, D15, D16, D18 or D19)

The exclusions from the title and within the subsection result from the cancellation of the listing of DI futures forward rate volatility structured transactions due to the lack of liquidity in the market, despite B3's efforts to develop the product.