

July 16, 2019  
026/2019-VOP

## C I R C U L A R   L E T T E R

"Revoked by Circular Letter n° 176/2022-PRE, of 13 of December of 2022."

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

Re: **Cross Order Registration Rules – Minimum Lot Size for Registration of Cross Orders.**

On June 10, 2019, B3 issued Circular Letter 019/2019-VOP announcing a new type of order called Retail Liquidity Provider (RLP) and new rules for registering cross orders in PUMA Trading System.

B3 hereby informs you that the rules on cross order registration in PUMA Trading System described in the above Circular Letter will enter into force on **August 5, 2019** for the following contracts: (i) U.S. Dollar Futures (DOL); (ii) Mini U.S. Dollar Futures (WDO), (iii) Ibovespa Futures (IND), and (iv) Mini Ibovespa Futures (WIN). The definitions below will be apply to these cases, in accordance with item 4 of Circular Letter 019/2019-VOP.

- a) Registration of cross orders is allowed if they are priced above the best bid and below the best ask, i.e. between the best bid and best ask, respecting the tick size for each security or derivative.
- b) Cross orders may be registered at the best bid or at the best ask only in the following cases:
  - i. Orders of a size disproportional to the liquidity of the security or derivative, according to parameters to be issued by B3 from time to time;
  - ii. Orders of a size disproportional to the liquidity of the security or derivative for execution at the average price for the day, generated by TWAP (time-weighted average price) or VWAP (volume-

weighted average price) algorithms, according to parameters to be issued by B3 from time to time;

- iii. Orders relating to structured transactions that involve several contracts and/or securities and coordinated execution, to assure the quantities and prices agreed by the parties;
- iv. Orders designed to correct operational errors by a participant.

c) Registration of cross orders will not be allowed in any other circumstances.

The following are examples of orders relating to structured transactions (item b, iii above): transactions involving spot market instruments in conjunction with futures market instruments, transactions involving options strategies, spreads in the futures market, and trades by the same fund manager.

The table below contains the minimum lot sizes for registration of cross orders for the contracts DOL, WDO, IND and WIN, in effect from **August 5, 2019**.

**Table 1. Parameters for derivatives traded in BM&F segment**

Instrument	Minimum lot size
U.S. Dollar Futures (DOL)	100
Mini U.S. Dollar Futures (WDO)	500
Ibovespa Futures (IND)	100
Mini Ibovespa Futures (WIN)	500

This table is available for consultation at [http://www.b3.com.br/en\\_us/](http://www.b3.com.br/en_us/), Solutions, PUMA Trading System, Participants and traders, Rules and trading parameters, Order types, Cross orders. B3 may update the parameters described in this Circular Letter with advance notice to the market.

The timetable for implementation of the new rules on registration of cross orders for other securities and derivatives will be announced in due course, after discussion with market participants and with the regulator. The rules for registration in PUMA Trading System of cross orders for securities and

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derivatives not mentioned in Table 1 above therefore remain as shown below for the time being.

**Registration of cross orders for securities and/or derivatives** will be accepted only in the following cases:

- i. In the absence of other orders, if the price of the cross order complies with the auction tunnel limits;
- ii. For securities and options referenced to equities, the Bovespa Index, the IBrX-50 and exchange-traded funds (ETFs), if the price of the cross order is equal to or higher than the best bid and equal to or lower than the best ask registered in the central order book;
- iii. For other derivatives, if the price of the cross order is between the best bid and best ask. If the difference between the best bid and the best ask corresponds to tick size, registration of the cross order will be allowed at a price equal to the best bid or to the best ask.

Definitions of all order types can be found in B3's Trading Procedures Manual and Trading Rulebook, available at [http://www.b3.com.br/en\\_us/](http://www.b3.com.br/en_us/), Regulation, Regulatory framework, Regulations and manuals, Trading.

Further information can be obtained from the Electronic Trading Department by email at [negociacao@b3.com.br](mailto:negociacao@b3.com.br) or by telephone on +55 11 5022/5023/5024.

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