

June 13, 2019
042/2019-PRE

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

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

Re: **Changes to B3's Trading Procedures Manual – Publication of New Version.**

A new version of B3's Trading Procedures Manual will come into force on **June 17, 2019**, with the changes detailed in the Annex to this Circular Letter and relating to:

- (i) A new methodology for calculating the reference price used to set the auction tunnel and rejection tunnel in the PUMA Trading System for the single stock and unit futures listed in Circular Letter 076/2018-PRE on December 5, 2018;
- (ii) A new ticker structure for fixed-income ETFs, as per Circular Letter 032/2019-PRE, dated April 12, 2019;
- (iii) A new rule governing registration of option series.

The updated version of the document will be available at http://www.b3.com.br/en_us/, Regulation, Regulatory framework, Regulations and manuals, Trading, Access the documents, B3's Trading Procedures Manual.

Further information can be obtained from the Electronic Trading Department by telephone on +55 11 2565-5022 and 2565-5023 or by email at negociacao@b3.com.br.

Gilson Finkelsztain
Chief Executive Officer

Cícero Augusto Vieira Neto
Chief Operating Officer

Annex to Circular Letter 042/2019-PRE

- 1. Changes relating to the new methodology for calculating the reference price of single stock and unit futures**

TITLE II – TRADING ENVIRONMENT

CHAPTER III – TRADING

▪ **Section 7. TRADING TUNNELS**

▪ **Subsection 7.3. Rejection tunnels**

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

▪ **Subsection 7.4. Auction tunnels**

Subsection 7.4.2. Type 2 auction tunnel (based on last trade price, updated last price, settlement price or reference price)

Inclusion of item VIII in 7.3.2 and 7.4.2 to define the center of the type 2 rejection tunnel and the center of the type 2 auction tunnel for single stock and unit futures as (i) the observed market price or, in its absence, the settlement price before execution of the day's first trade, and (ii) the last trade price or the observed market price, whichever is more recent, after the day's first trade; to define the observed market price for these contracts as 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); and to note that the observed market price is updated whenever positive or negative variation of half a per cent (0.5%) in the price of the underlying occurs.

- 2. Changes relating to the new ticker structure for fixed-income ETFs**

TITLE III – ORGANIZED MARKETS

CHAPTER I – EXCHANGE MARKET

▪ **Section 1. CASH EQUITIES MARKET**

Inclusion of fixed-income ETFs in the table exemplifying tickers for equities traded in round lots on the cash market.

▪ **Section 2. CASH PRIVATE FIXED-INCOME MARKET**

Adjustments to the structure of tickers for fixed-income ETFs, previously comprising twelve characters but changed to six characters on May 13, 2019, in accordance with Circular Letter 032/2019-PRE, with the first four characters designating the fund name, and the fifth and sixth corresponding to the number of the security, as in the table below, which has been added to section 2.

Example: AAAAXX

Component	Description
AAAA	Name of fixed-income ETF
XX	Number of fixed-income ETF

CHAPTER II – ORGANIZED OVER-THE-COUNTER MARKET AS CENTRALIZED MULTILATERAL TRADING SYSTEM

▪ **Section 3. TRADING IN FIXED-INCOME ASSETS**

▪ **Subsection 3.1. Trading instrument structure**

Adjustments to the structure of fixed-income ETFs, as described for section 2 above (cash private fixed-income market).

3. Changes to update criteria for registration of option series

TITLE III – ORGANIZED MARKETS

CHAPTER I – EXCHANGE MARKET

▪ **Section 4. DERIVATIVES MARKET**

▪ **Subsection 4.4. Instrument registration**

▪ **Subsection 4.4.1. Options on equities, indices and ETFs**

Changes to:

- (i) include options on indices;
- (ii) refer to the option registration criteria on B3's portal;

(iii) update the characteristics of option series that may be deregistered by B3, which must now have been admitted to trading at least one month previously, have no open interest, have not been traded in the past month, and have a delta of less than 0.01 or more than 0.99.

- **Subsection 4.4.2. Automatic series registration**
- **Subitem 4.4.2.1. Registration of option series by participant request for trading on next day**

The maximum tenor for new series of options on equities in the theoretical portfolio of the IBrX-100, on ETFs and on indices has been increased from twenty-four to twenty-five months as of the current month in question.

The subitem now includes the information that B3 may at its sole discretion accept requests to create options, provided they comply with the minimum intervals for strike prices, and that requests to create options for trading as of the next day must be submitted by 6:00 p.m.

- **Subsection 4.4.2. Automatic series registration**
- **Subsection 4.4.2.2. Registration of option series by participant request for trading on same day**

The maximum tenor for new series has been increased from twenty-four to twenty-five months as of the current month in question. Inclusion of a reference to B3's portal, where the minimum intervals for strike prices are specified.

- **Subsection 4.4.3. Registration of option series on U.S. Dollar futures (DOL), mini U.S. Dollar futures with monthly expirations (WDO) and weekly expirations (DS1, DS2, DS3, DS4), and U.S. Dollar volatility structured transactions (VTC)**

Inclusion of mini U.S. Dollar futures with monthly expirations (WDO) and weekly expirations (DS1, DS2, DS3, DS4), and application to these contracts of the criteria for creating option series.