

November 5, 2017

027/2017-DO

## C I R C U L A R   L E T T E R

Revoked by Circular Letter n° 118-2021-PRE, dated September 30th 2021.

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

Re: **New Rules for the Cancellation of Orders Generated by Operational Error.**

B3 hereby informs you that as of **December 18, 2017** new rules will come into effect regarding the cancellation of orders that originated from a full trading participant or trading participant's operational error and which are participating in the theoretical price formation of opening and closing calls and auctions. This measure complements the rules set forth in Circular Letter 016/2017-DP of February 22, 2017.

In this new rule, based on the variation between the incorrect bid price and the set benchmark price, B3 will establish parameters to be used for acceptance of cancellation request, as shown in the table below:

**Table**

Asset / Derivatives	Benchmark	Parameter
Bovespa Segment: assets that enter into the IBOV composition	Trades prior to the order entry or, in their absence, the closing price	5%
Bovespa Segment: assets that do not enter into the IBOV composition	Trades prior to the order entry or, in their absence, the closing price	10%
BM&F Segment: futures, forward and gold spot contracts	Trades prior to the order entry or, in their absence, the settlement price or the benchmark price	Contract rejection tunnel
Options: Bovespa and BM&F segments	Volatility calculated by B3	30% volatility shock

It should be noted that the parameters for the rule on financial volume and quantity of assets, as published in Circular Letter 016/2017-DP of February 22, 2017, remain in force, as well as the minimum time for the request and procedures that will be performed. Therefore, we clarify that the cancellation request may be made if the

order falls under any of the rules in effect as of the date of their implementation in the said Circular Letter.

Should the operational error treatment interfere with the opening time of the next trading phase, B3 may postpone the subsequent phases, with prior notice given to the market.

Additionally, B3 informs that the procedures to prove the operational error and the stipulated costs if the justification presented proves the occurrence of the operational error, as well as the fine stipulated in Circular Letter 016/2017-DP of February 22, 2017 remain unchanged if the justification **does not** prove the occurrence of the operational error.

The tables containing the parameters used in the rule for cancellation of orders by operational error are available at [www.bmfbovespa.com.br/en\\_us](http://www.bmfbovespa.com.br/en_us), Regulation, Regulations and manuals, Operational, Parameters.

Finally, it is incumbent upon BM&FBOVESPA Market Supervision (BSM) to monitor and inspect compliance with the rules contained in this Circular Letter, in accordance with the prevailing regulations.

Further information may be obtained from the Equity Trading Unit by telephone at (+55 11) 2565-4304; the Futures Trading Unit by telephone at (+55 11) 2565-4680; or the Options Trading Unit by telephone at (+55 11) 2565-4213.

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