February 2, 2018
007/2018-VOP

E X T E R N A L   C O M M U N I C A T I O N

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

Re: **Delivery of the First Set of Upgrades to BM&FBOVESPA Clearinghouse's Systems and Publication of the New Version of Message and File Catalogue**.

In accordance with commitments and understandings maintained with participants since the implementation of the second phase of the clearinghouse integration project, B3 hereby publishes the items (listed in the Annex to this External Communication) that will comprise the first set of upgrades and improvements to BM&FBOVESPA Clearinghouse's processes and systems.

The new version of the Message and File Catalogue includes updates relating to the catalogues for Settlement, Position Control, Risk Management, Securities Lending and Market Makers, and is available at http://www.bvmfnet.com.br, *Manuais, Clearing BM&FBOVESPA, Catálogo de Mensagens e Arquivos*.

The Change Log for iMercado has also been updated and contains the new file for Supplementary Settlement Cash Entries (IMBARQ004), as well as upgrades to the file IMBARQ001. The document, in Portuguese only, is available at www.bmfbovespa.com.br/pt_br/servicos/imercado/downloads/, *iMercado Módulo Arquivos*.

To present the changes made, and also to clarify any doubts and set a date for the start of certification and the expected date for the go-live, B3 will hold a technical workshop on **February 7, 2018**, **from 9:00 a.m. to 12 noon**, at Praça Antonio Prado, 48, 3º andar, in São Paulo.

To participate in the workshop, please confirm your presence at http://bmfbovespacomunica.com.br/inscricao/visitantes/ficha.php?email=@EMAIL &idevento=435.

The workshop will be webcast via http://www.tvb3.com.br/.

Further clarification can be obtained from Post-Trade Support by telephone on +55 11 2565-5000, option 3, or by email at ssp@bvmf.com.br.

Cícero Augusto Vieira Neto
Chief Operating Officer

Annex to External Communication 007/2018-VOP

1. Upgrades to BM&FBOVESPA Clearinghouse's processes and systems

1.1 Enhancement of lending process using securities posted as collateral

The changes shown below refer to the new process requested by the market, through which securities can be lent directly from collateral subaccount 2390-6.

System	Process	Description
BTB – Banco de Títulos BM&FBOVESPA	Inclusion of lender offering using subaccount 2390	BTB system will permit inclusion of lender offering using subaccount 2390.
BTB – Banco de Títulos BM&FBOVESPA	Authorization of loan offering using subaccount 2390, with lending custodian equal to lending carrying participant	BTB system will permit authorization of carrying lender of offerings using subaccount 2390.
BTB – Banco de Títulos BM&FBOVESPA	Authorization of lender offering using subaccount 2390	BTB will permit authorization of lending custodian using subaccount 2390.
BTB – Banco de Títulos BM&FBOVESPA	Direct pre-agreement matching	BTB will permit direct pre-agreement matching using subaccount 2390.
BTB – Banco de Títulos BM&FBOVESPA	Lender pre-agreement matching	BTB system will permit lender pre-agreement matching using subaccount 2390.
NGA – Novo Garantias	Equities loan in subaccount 2390	Flow of lending for equities posted as collateral will occur directly in BTB system, where participant will be able to include lender offering using collateral subaccount (2390). Equities transfer flow to subaccount 2890 will no longer be used.
NGA – Novo Garantias & RTC – Real Time Clearing	Settlement of lending position using collateral subaccount (2390)	Settlement of lending positions in collateral subaccount (2390) will be permitted, provided eligibility criteria and limits are respected. Lending position will therefore continue to generate margin credits in customer's portfolio on agreement's settlement date.

1.2 Screen improvements

Improvements to the screens for the settlement module of the RTC and iMercado systems have been implemented as shown below.

System	Process	Description
RTC – Real Time Clearing	Delivery failure forecast query	Inclusion of information designed for use in querying sufficient balance in NGA system, available for settlement of debt instructions allocated to collateral subaccount.
RTC – Real Time Clearing	Access for PNPs to query delivery restriction on securities for gross settlement	Permission for PNPs to query delivery restriction on securities for gross settlement (e.g. IPO settlement).
iMercado	Inclusion of request	Inclusions effected by uploading of files with invalid requests.
iMercado	Exclusion of request	Possibility of using Requests > Exclusions screen to batch exclude, in accordance with information entered into editable fields on screen.
iMercado	Filters for Query, Approve and Send File screens	Review of filters for iMercado Approval and Query screens, and inclusion of filters in Send File screen to make querying easier.
iMercado	Query and Approve	Inclusion of Request Date and Date of Last Update in Approvals > Participant and Query > Request screens.

1.3 Flow improvements

The following business flows have been improved.

System	Process	Description
iMercado	Sending file IMBG.003	In absence of business information for a requesting participant, IMBG.003 will be sent without content and only with "report parameters" filled in.
iMercado	File log IMBARQ.001	Change to file purge process for Download File screen accessed by fund managers, administrators, foundations etc. Files for last ten calendar days will remain available on Download File screen.
iMercado	Inclusion of request	Flow of inclusion of requests by participants in category Foundations & Other will be executed without need for approval by Clearinghouse if holder of requested account is same as Requesting Participant.

System	Process	Description
iMercado	Inclusion of request	Flow of information requests for a given fund from participants in category Administrators will be executed without need for approval by Clearinghouse if requesting Administrator is identified (via CVM file SPW_FI) as responsible for fund concerned.
RTC – Real Time Clearing	Settlement instructions query	Implementation of message bvmf.054, which allows PNPs, PLs and custodians to query file BVBG.019 with settlement instructions.
RTC – Real Time Clearing	Contents of files BVBG.019 and BVBG.018	Inclusion of field "Type of settlement" in the files BVBG.018 and BVBG.019 to indicate whether settlement instruction is generated by securities lending agreement or operations in other markets.
RTC – Real Time Clearing	Renewal of securities lending agreement	If renewal is pending approval by borrower or carrying lender and time limit in approval/rejection timetable is reached, system will effect tacit approval of renewal on behalf of participant, instead of current process, which entails tacit rejection.
RTC – Real Time Clearing	Amendment and renewal of securities lending agreement	If a participant that is carrying a position has the same operating code as the custodian of the agreement, the system will no longer require approval by the same participant as the custodian.
RTC – Real Time Clearing	Amendment of securities lending agreement	System will allow participant that is carrying position to amend custody data for agreement with zero quantity but linked to earnings.
RTC – Real Time Clearing	Change of account executing securities lending agreement	Participant can ask B3 to change account that executes lending agreement in the event of takeover, merger or spinoff. B3 will analyze the request and will effect it in the system.
RTC – Real Time Clearing	Subscription of securities lending agreement	Borrower can return rights to lender more than once up to the limit of the amount to be returned.
RTC – Real Time Clearing	Treatment of Priority Offering on securities lending agreement	Lending agreements created by Priority Offering will have the agreement type changed to Corporate Event, instead of maintaining the original agreement type.
RTC – Real Time Clearing	Cancellation of securities lending early settlement	Lender or borrower can cancel request for securities lending early settlement provided opposite party and borrower custodian agree, if latter has approved original request for early settlement.
RTC – Real Time Clearing	Coverage of options	Improved options coverage process whereby sale of call can be covered on same day (T+0) using collateral posted to coverage portfolio.

System	Process	Description
RTC – Real Time Clearing	Risk assessment prior to securities lending	Risk assessment prior to securities lending considering collateral balance and Potential Liquidity generated by eligible instruments in portfolio.
RTC – Real Time Clearing	Securities lending subscription	Release of messaging to perform securities lending subscription flow.

2. Defect correction

System	Process	Description
RTC – Real Time Clearing	Exclusion of allocation to master account in gross settlement auctions	Correction of problem whereby it was not possible to exclude allocation of account to linked master account in gross settlement auctions.
RTC – Real Time Clearing	Exercise of covered and uncovered options	Correction of problem with capture of exercise in which part of position was covered and part uncovered.
RTC – Real Time Clearing	Exercise of options	Correction of problem that permitted withdrawal of coverage of cash market position deriving from covered exercise.
RTC – Real Time Clearing	Coverage screen	Reduction of the number of assets in different markets that appear in Instrument filter.
RTC – Real Time Clearing	Coverage screen	Long positions will no longer appear in search results for positions to be covered.
RTC – Real Time Clearing	Securities lending agreement amendment, renewal and early settlement screens	Correction of filter for underlying's ISIN.
iMercado	Use of filter Account with Requested Participant	Possibility of entering account code with up to 7 digits by using filter Account with Requesting Participant on Queries, Requests screen.
iMercado	Information in file IMBG.003	Correction of information in Requested PartyInformation tag for file IMBG.003, referring to Participant category.