March 20, 2025
038/2025-PRE

# CIRCULAR LETTER

Listed B3 Participants

Re.:    **Implied Functionality – Change to the Processing of Synthetic Orders**

B3 hereby informs you that, as of **March 24, 2025**, a change will be implemented to the processing of synthetic orders that are created via the Implied IN functionality, as detailed below.

As announced in Circular Letter 157/2024-PRE, dated November 14, 2024, on December 9, 2024, B3 launched the Implied IN functionality, which consists of the generation of synthetic orders (which replicate the effects of an order) in the EDS books based on two orders in the outrights books, for the Structured DV01 Neutral Transaction on DI Futures (DII) and the DAP DV01 Neutral Structured Transaction (DAI).

The Implied IN functionality allows orders from the individual books of a product (outrights) to interact with orders from exchange defined strategy (EDS) books in this same product, eliminating the segregation of liquidity, generating greater order book depth and enabling trades resulting from the interaction between books.

As of **March 24, 2025**, cancelled synthetic orders will be processed as described below.

1. Only in the event of a synthetic order being cancelled due to an auction, the synthetic order will be recreated after the end of the auction, if new orders are submitted with the best price in the expirations that originated the synthetic order. Previously, an event in the EDS book was required to recreate the Implied order.

    2. In other cancellation scenarios, the synthetic order will only be recreated when a new order event (new order, modification or cancellation) is generated in any futures contract or EDS enabled for the Implied functionality and at any price level. Previously, an event was required at the top of the book of the futures contracts that made up the synthetic order.

B3 reiterates that synthetic orders created from the Implied functionality are cancelled when:

- there is partial execution of the contract month that originates the synthetic order and there is insufficient volume to maintain the synthetic order

- there is full execution of the contract month that originates the synthetic order

- there is a change to the best price in the contract month that originates the synthetic order, as a result of the trade (for example: the reopening of an iceberg order and the triggering of a stop order)

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- there is an auction in any of the contract months that originate the synthetic order

B3 announces the contract months which have Implied IN functionality enabled, at https://clientes.b3.com.br/en/, Posts, News, Highlighted News, B3 Tech Launches | Trading.

The eligible derivatives and the transactions originating from the Implied functionality will have specific identification in instrument registration messaging and in execution confirmation messages and Market Data, respectively.

This Circular Letter revokes and fully substitutes Circular Letter 157/2024-PRE, dated November 14, 2024.

Further information can be obtained from B3 Services – Trading Support by telephone on +55 11 2565-5021 or by email at tradingsupport@b3.com.br.

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