1. DEFINITION

Market protection functionality enables participants that use connections to set protection parameters which, when reached in a given time interval, trigger automatic cancellation of the orders available in the central order book (provided their cancellation does not infringe any trading rules) and prevent registration of new orders.

Instrument protection parameters and the respective intervals are defined by participants and applied by B3.

B3 may at its sole discretion disable this functionality for specific instruments, giving the market advance notice of any such changes.

1.1 TYPES OF PROTECTION AVAILABLE

Total order execution
Activated on the basis of the number of fulfilled orders

Number of executions
Activated on the basis of the number of trades executed (fully or partially)

Quantity traded
Activated on the basis of the sum of quantities executed (purchases or sales) per module

Buy/sell
Activated on the basis of an imbalance between buy and sell quantities, with purchases raising and sales lowering the count

Delta
Activated on the basis of aggregate delta for options considering all series with the same underlying regardless of expiration

1.2 CHARACTERISTICS

I.   Protections are activated only when their parameters are reached or exceeded within the interval defined by the participant, and cancel only orders that the rules allow to be canceled.

II. If after activation of a protection the participant concerned wishes to reset the counter and register new orders, the participant must notify the trading system by appropriately completing a specific field in the order message.

III. The protection counters are automatically reset at the end of each interval if no parameters are reached or exceeded.

IV.   Protections cannot interrupt an execution event, so if a single aggressing order matches multiple resting orders in the central order book, the trading system allows infringement of the protection parameter concerned.

V.   Whenever the protection parameters defined for a connection are updated, the protection counters are automatically reset. Orders entered before the update are disregarded in the next cancellation event and remain active for counting purposes if execution occurs.

VI.   All counters are automatically reset at the end of each trading day.

VII.   Any order rejection or cancellation due to use of protection functionality is communicated in an execution report message issued by the trading system and specifying activation of protection as the reason for rejection or cancellation.

2. PRODOCTS

The list of products eligible for market protection functionality is available for the markets bellow:

EQUITIES	✓
FUTURES	✓
OPTIONS	✓

2.1 CONFIGURATION

Participants can request the market protection with the Electronic Trading by telephone +55 11 2565-5023.