

November 23, 2023
194/2023-PRE

CIRCULAR LETTER

Listed B3 Participants

Re.: **Changes to B3's Trading Procedures Manual – RFQ, Midpoint and BBT, and Special Procedures**

We hereby inform you that on **November 27, 2023**, a new version of B3's Trading Procedures Manual will come into effect, with changes regarding the implementation of block trading solutions for equities and securities representing equities on the exchange market and with the update of special trading procedures, as set forth in Circular Letter 176/2023-PRE, dated October 31, 2023.

The changes to the Manual are described in the Annex hereto.

The new version of the Manual will be available as of **November 27, 2023**, at www.b3.com.br/en_us/, Regulation, Regulatory framework, Regulations and manuals, Trading, Access the documents.

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

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Annex to CIRCULAR LETTER 194/2023-PRE

Description of the Changes to B3's Trading Procedures Manual

TITLE II – TRADING ENVIRONMENT

CHAPTER III – TRADING

4. ORDERS, BIDS AND ASKS

Section 4.3. Bids and asks

Text changed to specify that, for order entry, the trading participant can connect to the trading system via one or more full trading participants.

Section 4.3.1. Bid and ask types

Inclusion of the Midpoint order in the list of bid and ask types authorized for registration in the trading system.

6. SPECIAL TRADING PROCEDURES – AUCTIONS

Title of the section readjusted in line with the terminology of CVM Resolution 135 and text readjusted to make the subject easier to understand.

Section 6.1. Auction rules

Inclusion of Section 6.1. Auction rules, in order to group together the auction rules. This inclusion means that the subsequent sections and subsections have been restructured and renumbered, resulting in the:

- i.** conversion of section 6.1. Theoretical price formation (fixing), into subsection 6.1.1. Theoretical price formation (fixing)

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- ii. conversion of section 6.2. Characteristics, into subsection 6.1.1.1. Characteristics
- iii. conversion of section 6.3. Priority, into subsection 6.1.2 Priority
- iv. conversion of section 6.4. Auction extensions, into subsection 6.1.3. Auction extensions

Section 6.2. Auction types

Section and subsequent subsections renumbered due to the creation of section 6.1. Auction rules.

Subsection 6.2.1. Ordinary auctions

Subsection 6.5.1.5. Analysis of trades in trading sessions

Subsection excluded as the subject is covered in subsection 6.3.6. Splitting of trades, with renumbering of the subsequent subsections.

Subsection 6.2.1.6. Auctions to sell odd lots due to bonus issues, amalgamation or reverse splits

Text changed to include the sale of odd lots due to amalgamation, and to shorten the notice publication deadline, in line with the current market dynamic of broad disclosure and access to news.

Subsection 6.2.2. Special auctions

Subsection 6.2.2.2. Outstanding subscription rights

Notice publication deadline shortened to 24 hours from 48 hours and the auction's duration shortened to five minutes from fifteen minutes.

Section 6.3. Auction parameters

Subsection 6.3.1. Average traded quantity

- Simplification of the average traded quantity criterion, consolidating it into a single parameter equivalent to twenty times, and a five-minute auction, bringing it in line with the current market dynamic.
- Exclusion of the passage regarding procedures for trades with volumes lower than or the same as the announced auction, which ceases to exist with the consolidation of the abovementioned parameter.
- Inclusion of the information that that calculation of average quantity will not consider volumes from trades originating in other markets, for example the odd-lots market or block trading market.

Subsection 6.3.2. Quantity compared with issuer's share capital

- Standardization of the values of the auction-triggering criteria for ordinary and preferred shares, in relation to the issuer's share capital, as well as making the requirement for participants to publish auction notices optional only.
- Provision included for the full trading participant to be able to request a buy, sell, or buy and sell auction in lower quantities than the auction trigger criteria.
- Provision included whereby the full trading participant is responsible for informing B3 if the investor is a controlling shareholder.
- Subsection 6.6.1.1. Quantity compared with issuer's share capital, changed to subsection 6.3.2 Quantity compared with issuer's share capital.

Subsection 6.3.3. Specific criteria triggering an auction for quantity

New subsection included that combines subsections 6.6.1.2. Specific criteria triggering an auction for quantity with options and 6.6.1.3. Specific criteria triggering an auction for traded quantity. There has also been a readjustment to the quantity criterion for options on IBRX-50, standardizing it with the quantity for options on Ibovespa, alongside a change to the duration of the forward funding trades auction.

Subsection 6.3.4. Price parameter

Title changed and new paragraph included explaining that the trading tunnels mechanism will be used to guarantee the appropriate market price formation process.

Subsection 6.3.5. Tradability

Exclusion of the special criterion procedures for assets that are not traded in the past five trading sessions, bearing in mind that the price parameters would already submit these assets for auction if the prices strayed from the applicable limits. There has also been a change to the duration of the auction for the first trade in assets that do not trade on the day they are admitted for trading.

Subsection 6.3.6. Splitting of trades

The text of subsection 6.5.1.5. Analysis of trades in trading sessions, has been relocated to new subsection 6.3.6. Splitting of trades, with a change made to the analysis period to five from 15 days. There has also been a change to the procedure whereby trades executed in one or more trading sessions with a

greater concentration than the quantity criteria set out in the Manual will be calculated by B3 and reported to CVM, with some exceptions allowed.

Subsection 6.3.7. Divestment of shares by controlling shareholder

Subsection included in line with CVM Resolution 135 to foresee controlling shareholders being able to request from their respective full trading participants the submission of ordinary and/or preferred shares for auction in the case of the total to be divested surpassing the quantity parameters in relation to the company's share capital. Failure to comply with the submission will be communicated to the CVM.

Subsection 6.3.8. General provisions

Subsection included to establish that the trading participants and full trading participants must report to B3 any orders that do not comply with the hypotheses foreseen in the Manual.

7. TRADING TUNNELS

Section 7.2. Methodology for calculating trading tunnels for markets in options on derivatives and indices, futures and forwards and block trading solutions

Title of the section changed to encompass block trading solutions.

Subsection 7.2.4. Methodology for auction and rejection bands for block trading solutions

Subsection included to define and detail how the trading tunnel and rejection tunnel methodologies will be applied for Midpoint orders, for the Request for Quote (RFQ) solution and for the Book of Block Trade (BBT) solution.

8. BLOCKS OF SECURITIES

The new section details the characteristics and itemizes the rules and procedures regarding the Midpoint order and the RFQ and BBT solutions.

TITLE III – ORGANIZED MARKET

CHAPTER I - EXCHANGE MARKET

1. CASH EQUITIES MARKET

Inclusion of the tickers for the cash market assets traded via block trading solutions, alongside grammar changes.

4. DERIVATIVES MARKET

4.1. Futures contract

Subsection 4.1.1. Futures contract referenced in equities or units

Grammar change in the table.

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

2. TRADING IN EQUITIES

Section 2.2. Ordinary auctions

Subsection 2.2.1. Quantity

Subsection 2.2.1.1. Average traded quantity

Criterion changed for triggering auctions per average traded quantity, considering the current market dynamic and high trading volume, and decrease of the auction duration to five minutes from 15 minutes.

Subsection 2.2.1.2. Quantity compared with issuer's share capital

Change to the values criteria for triggering auctions, in relation to the issuer's share capital, seeking simplification.

Subsection 2.2.2. Price parameter

Change to the title and the text of the subsection to make it easier to understand.

Subsection 2.2.3. Tradability

Change to the duration of the auction for the first trade of assets that do not trade on the day they are admitted for trading, and exclusion of the auction criterion for assets not traded in the past five trading sessions, bearing in mind that the price parameters would already submit these assets to auction if the prices were to stray from the applied limits. Furthermore, the passage that determines the submission of trades to auction by the Electronic Trading Director has been moved to the new subsection 2.2.6. General provisions.

Subsection 2.2.4. Splitting of trades

Subsection title changed to emphasize the main subject, with the analysis period changed to five trading sessions from 15 trading sessions. There has also been a change to the procedure adopted for trades executed in one or more trading sessions that present a concentration higher than the quantity criteria contained in the Manual. From now on, these trades will be calculated by B3 and reported to the CVM, with some exceptions allowed.

Subsection 2.2.5. Divestment of shares by the controlling shareholder

Subsection included in line with CVM Resolution 135, to establish that the controlling shareholders should request that their respective intermediary submit the shares for auction, in accordance with the hypotheses foreseen in the communication to the CVM, with a copy for BSM.

Subsection 2.2.6. General provisions

Subsection included to establish that the trading participants must report to B3 any orders that do not comply with the hypotheses foreseen in the Manual.