



October 14, 2021

127/2021-PRE

## CIRCULAR LETTER

To: Listed B3 Participants

Re: **Launch of LiNe Clearing in a Pre-Trade Production Environment**

The LiNe 5.0 tool integrated to the PUMA Trading System allows participants to establish pre-trade limits and to monitor clients in the markets operated by B3 regardless of the access format (DMA, trading desk or order conveyor).

Seeking to enhance its risk systems and trading systems, as of **November 8, 2021**, B3 will implement the first phase of the LiNe Clearing project.

The first phase of the LiNe Clearing project foresees the separation of the systems and the implementation of new functionalities and benefits, as described below.

### **1. LiNe Clearing project (phase 1): separation of systems**

This first phase will separate LiNe 5.0 into two systems: LiNe Trading and LiNe Clearing.

As of the segregation, LiNe Trading will be on the order's critical path and will only encompass the risk metrics per instrument, such as Potential Long Balance per Instrument (SPCI), Potential Short Balance per Instrument (SPVI), Forward



127/2021-PRE

Trade Balance by Document (STD), Maximum Size of Buy Orders (TMOC) and Maximum Size of Sell Orders (TMOV).

On the other hand, LiNe Clearing will not be on the order's critical path and will therefore calculate the risk immediately after order book entry. This new system will encompass the aggregate metrics of potential debit balance (SDP), Risk Measure Limit (RMKT) and day-trade cash balance (SFD).

Please note that despite the division into two systems, all the management commands and follow-ups will continue to be performed through the same portal that is currently used (<https://line.bvmfnet.com.br>), as described below.

## **2. LiNe Clearing project – (phase 1): new functionalities**

As well as the transfer of metrics, the first phase of the project has new functionalities that introduce advantages such as a reduced standard deviation for order processing time, and performance and capacity gains.

The new functionalities are described below:

- B3 Maximum Size of Buy and Sell Orders per instrument

This functionality will allow B3 to assign a maximum value (B3 Limit) of Maximum Size of Buy and Sell Orders (LiNe Trader's TMOC and TMOV metrics) per instrument, coinciding with that in the matching engine.

The purpose of this is to mitigate operating risk or limit the financial volume (equities market) or volume of contracts (derivatives market) for transactions executed at B3.



127/2021-PRE

- B3 Maximum Size of Buy and Sell Orders per instrument and per document

This functionality will allow B3 to assign a maximum value (B3 Limit) of LiNe Trader's TMOC and TMOV metrics per document for each instrument. Investors will be identified here by CPF Individual Taxpayer Number or CNPJ Corporate Taxpayer Number or by CVM nonresident investor code.

- Change to how the Protected Mode is activated

At present, the Protected Mode is automatically activated if the client breaches the day-trade cash balance (SFD) metric at the trading participant (TP) or full trading participant (FTP), or when there is a breach of any metric at the settlement participant.

As of the implementation of the project, any breach of LiNe Clearing's aggregate measurements will entail immediate activation of the Protected Mode.

When the Protected Mode is activated for a document, LiNe Clearing will cancel all the outstanding orders for this document in the order book and then enter the critical path of this document's orders. The sole purpose of the entered orders must be to wind down positions and reduce risk, in other words if the document enters an order that builds on its position, LiNe Clearing will reject it.

- Change to consultations made via API

The "coreType" attribute at the endpoints that are responsible for Consumption Ranking, Current Positions and Positions History screen functionality will be

This Circular Letter produces effects as of the date of its publication. Any specified time limits for validity shall apply.

This free translation is not legally binding. Any questions arising from the text should be clarified by consulting the original in Portuguese. In the event of any discrepancy, the original in Portuguese shall prevail.

changed to accommodate the segregation of consultations between LiNe Trading and LiNe Clearing, as below.

**a) Endpoints**

- /v1.0/position/rank
- /v1.0/position/listSubscriptions
- /v1.0/position/hstry
- /v2.0/position/current
- /v2.0/position/hstry
- /v2.0/position/download
- /v2.0/position/downloadhstry

**b) New Parameters of the coreType attribute**

- 1-Trading
- 2-Clearing

The "tmocExchange" and "tmovExchange" new attributes will be added to the "LimitTmoxDomainResp" response to show the B3 Limit values for the returned instruments in the profiles, professionals, accounts and investors search.

**c) Endpoints**

- /v1.0/riskProfile/{prfId}/lmt/tmox
- /v1.0/operationsProfessionalParticipant/{oprnsPrfalPtcptId}/lmt/tmox
- /v1.0/account/{acclId}/lmt/tmox
- /v1.0/document/{docId}/lmt/tmox

### 3. Next steps

After implementation of the first phase described above, B3 will continue to work in the LiNe Trading and LiNe Clearing systems.

The following functionalities have been mapped for the next phases:

- new aggregate risk measure that will enable the control of short selling (SPVD Metric)
- inclusion of B3 Clearinghouse start-of-day positions in the calculation of aggregate metrics, reflecting increased and decreased positions and risk through the day's orders and/or transactions in relation to the opening positions
- LiNe Trading affinity by matching engine (first in first out guaranteed in the pre-trade risk tool)
- elimination of the requirement for dedicated risk engines
- implementation of new metrics, allowing more precise risk control at LiNe Clearing, without impacting order processing time

The API documentation is available at <https://line.bvmfnet.com.br/#/endpoints>. User and production environment password authentication is mandatory for obtaining access.

Parallel production will be interrupted on **November 5, 2021**.



127/2021-PRE

As of that date, market participants can access LiNe Trading and LiNe Clearing through the addresses listed below, using the credentials already used in production.

Address	IP	Ports
<a href="https://line.bvmfnet.com.br">https://line.bvmfnet.com.br</a>	179.127.215.18	80/443
<a href="https://api.line.bvmfnet.com.br">https://api.line.bvmfnet.com.br</a>	179.127.215.17	80/443

You can find out more about LiNe Clearing at [www.b3.com.br/en\\_us](http://www.b3.com.br/en_us), Solutions, Platforms, Risk Management - LINE.

Further information can be obtained from Trading Support by telephone on +55 11 2565-5021 or by email at [tradingsupport@b3.com.br](mailto:tradingsupport@b3.com.br).

Gilson Finkelsztain  
Chief Executive Officer

Mario Palhares  
Chief Operating Officer – Electronic  
Trading and CCP

This Circular Letter produces effects as of the date of its publication. Any specified time limits for validity shall apply.

This free translation is not legally binding. Any questions arising from the text should be clarified by consulting the original in Portuguese. In the event of any discrepancy, the original in Portuguese shall prevail.

INFORMAÇÃO PÚBLICA – PUBLIC INFORMATION