

**\*Free translation performed by Morgan Stanley\***



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082/2020-PRE

## **CIRCULAR LETTER**

B3 Market Participants - BM&FBOVESPA Segment

Ref.: **Monitoring of Same-Counterparty Transactions in Auctions (OMC)**

In order to provide transparency to procedures that may alter the routine of market participants, the B3 informs that, in convergence with the rule for same-counterparty transactions (OMC) in auctions provided in its Operational Trading Procedures Manual, it will monitor such transactions according to the following flow.

- 1)** B3's Electronic Trading Board will identify the same-counterparty transactions (OMC), according to the following criteria:
  - a)** transactions made after the first 60 (sixty) seconds of the auction, in the case of assets and options referenced in stocks, Ibovespa, IBrX-50 and index fund quotas (ETFs); and
  - b)** transactions carried out after the first 30 (thirty) seconds of the auction, in the case of other derivatives.
- 2)** Market participants will be notified on a weekly basis, by e-mail, about the OMCs occurred in the previous week.
- 3)** Within five working days from receipt of the notification, participants must justify each transaction to the B3 Electronic Trading Board, according to possible classifications.

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- a) transactions arising from operational error;
  - b) transactions performed on the basis of different strategies carried out by the same Investor; or
  - c) intentional transactions not arising from operational error.
- 4)** Based on the justification presented by the participant, the B3 Electronic Trading Board will verify whether there was recurrence of intentional OMCs not arising from operational error - per counterparties, in the case of transactions performed via Direct Market Access (DMA), by brokers, in the case of transactions performed via Trading Desk, and by advisors, in the case of transactions performed via advisor-type connection - and will take the steps previewed in the Operational Trading Procedures Manual, also described below:
- a) on the first occurrence in each verification period, warning;
  - b) on the second occurrence in each verification period, fine corresponding to 5 (five) times the standard emolument at the buyer and seller sides of the OMC;
  - c) on the third occurrence in each verification period, fine corresponding to 10 (ten) times the standard emolument at the buyer and seller sides of the OMC; and
  - d) from the fourth occurrence on each verification period, the penalties provided for in B3 regulations will be applied.
- 5)** The B3 will apply, on a monthly basis, potential fines that will integrate the multilateral net balance of the counterparty – final allocation account, in case the transaction is carried out via DMA, and participant error account, if the transaction is carried out via Trading Desk. The participant should highlight the fines received due to OMC in the customer's statement.

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The occurrences will be communicated to the participants as of the publication of this Circular Letter, and will have an educational purpose until the month of July 2020. Irregular operations identified from August 2020 on will be subject to the previewed penalties.

It should be noted that all transactions will be communicated to BSM, which will evaluate compliance with the rules, according to current regulations.

The rule for same-counterparty transactions in auctions can be found in the Operational Trading Procedures Manual, available in [www.b3.com.br](http://www.b3.com.br) "Regulação", "Estrutura normativa", "Regulamentos e manuais", "Negociação", "Acessar documentos".

Further clarifications can be obtained from the B3 Electronic Trading Board by telephone (11) 2565-5022/5023/5024 or by e-mail [negociacao@b3.com.br](mailto:negociacao@b3.com.br).

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