



February 23, 2021

013/2021-PRE

## CIRCULAR LETTER

To: B3's Market Participants – BM&FBOVESPA Segment

Re: **Treatment of Securities Lending, Equity Options, Equity Forwards, Equity Futures, Centrally Cleared OTC Flexible Options, Securities Deposited as Collateral and Index Portfolio Positions resulting from the Corporate Restructuring/Partial Spin Off of Companhia Brasileira de Distribuição with the Spun off Part Converted to Sendas Distribuidora S.A.**

We hereby inform you that positions in securities lending, options, equity forwards, equity futures, securities deposited as collateral and centrally cleared OTC flexible options, as well as index portfolios, involving ordinary shares issued by Companhia Brasileira de Distribuição (PCAR3 and Company, respectively) will be adjusted due to the corporate restructuring (partial spin off) approved by the company in an Extraordinary General Meeting held on December 31, 2020.

According to the Notice of Material Event published on February 19, 2021, this partial spin off will result in ordinary shares issued by Sendas Distribuidora S.A. (ASA13) being delivered to shareholders in the Company, with one ASA13 share

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delivered for each PCAR3 share, and which will be traded at B3 as of the March 1, 2021 trading session, when the shares issued by the Company will also come to be traded with "ex partial spin off" status.

Positions in options, centrally cleared OTC flexible options, forwards, securities lending, securities deposited as collateral, and equity futures, as well as index portfolios, will be treated as follows.

### **1. Securities lending positions**

At the end of March 2, 2021, all outstanding PCAR3 securities lending agreements will be converted into new ASAI3 and PCAR3 agreements. The volume of each agreement and the price will be adjusted pursuant to the provisions of subitem 6.8.3 of the B3 Clearinghouse Operating Procedures Manual. The quantity of each new agreement will be the same as the quantity of the original agreement.

The financial volume of the original PCAR3 agreement will be distributed among the agreements that result from the corporate action to a proportion of 17.71% in the new ASAI3 agreement and 82.29% in the new PCAR3 agreement.

### **2. Positions in listed PCAR3 options**

To ensure economic equilibrium for holders of these options, before and after the corporate action, positions in PCAR3 call and put options outstanding at the end of February 26, 2021, will be converted into call and put options in a basket of PCAR3 and ASAI3 common shares, with the PCAR99 underlying asset ticker. Each PCAR99 basket will be comprised of one PCAR3 share and one ASAI3 share.

PCAR3 call and put options will be converted at a 1:1 ratio into PCAR99 call and put options, with the same strike prices.

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## **2.1. Shares deposited to cover PCAR3 call options and cover PCAR99 call options**

In the case of PCAR3 call options covered at the end of March 2, 2021, the balances in custody will be converted compulsorily from PCAR3 to PCAR99 at the opening of March 3, 2021, for those shares that remained in the 2701-4 coverage subaccount upon conversion.

As of March 3, 2021, the participant may make new coverage requests through the RTC system's coverage monitor, after the creation and deposit of PCAR99 by the custody agent.

## **2.2. Creation and disaggregation of PCAR99 baskets**

To create PCAR99 baskets, the custody agents must request their emission through the specific functionality of the CAC Central Depository online system, at the menu *Emissão e Resgate, BDR e Unit, Solicitar Emissão de BDR e Unit*.

The custody agent must include the investor, enter the ISIN code of the basket (BRPCARCDAM11), and the quantity of baskets that it wants to issue, remembering that it can only request multiples of 100 quantities. The investor must have the equivalent PCAR3 and ASAI3 shares in its free subaccount (2101-6) to be able to execute the request. These shares will be blocked until the basket emission process is concluded. Processes requested up until 6:00 p.m. will be issued on the same day. Requests made after that time will be attended up until the following business day.

PCAR99 basket creation will only be accepted for covering call option positions.

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Baskets will be disaggregated automatically after the settlement of option exercise or when requested by the custody agent through the Central Depository functionality (CAC), at the menu Emissão e Resgate, BDR e Unit, Solicitar Emissão de BDR e Unit.

The custody agent must include the investor, enter the ISIN code of the basket (BRPCARCDAM11), and the quantity of baskets that it wants to cancel. The investor must have the equivalent PCAR3 and ASAI3 shares in its free subaccount (2101-6) to be able to execute the request. These baskets will be blocked until the basket cancellation process is concluded. Processes requested up until 6:00 p.m. will be issued on the same day. Requests made after that time will be attended up until the following business day.

### **2.3. Trading**

Outstanding series of options on PCAR3 converted into series of options on PCAR99 will remain available for trading up until expiration, but the creation of new series on PCAR99 will not be allowed.

PCAR99 baskets will not trade on the cash market and will not be available for securities lending via the BTC system.

### **2.4. Exercise of options on PCAR99**

Exercise trades in call and put options on PCAR99 will be cancelled by B3's Electronic Trading Department and replaced by one or more trades in PCAR3 and ASAI3, to the same quantity. Total financial volume of the PCAR3 and ASAI3 trades will be the same as the volume of the exercise trades.

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### **3. Forward positions**

The process for converting equity forward positions is described in item 6.8.2 of the B3 Clearinghouse Operating Procedures Manual.

The financial volume of the original PCAR3 contract will be distributed among the contracts that result from the corporate action to a proportion of 17.71% in the new ASAI3 agreement and 82.29% in the new PCAR3 contract.

### **4. PCAR3 equity futures positions**

To ensure economic equilibrium for holders of PCAR3 equity futures, at the end of February 26, 2021, long and short positions in PCAR futures will be transformed into long and short positions in futures whose underlying asset will be a basket of shares comprised of one PCAR3 share and one ASAI3 share, with the underlying asset ticker PCAR99.

PCAR3 futures positions will be converted by a 1:1 ratio into PCAR99 futures positions.

The new futures contract whose underlying asset will be the PCAR99 basket will become the priced asset used in the settlement calculations of this contract.

### **5. Positions in centrally cleared OTC flexible options on PCAR3**

To ensure economic equilibrium for holders of these flexible options before and after the corporate action, call and put options on PCAR3 outstanding at the end of February 26, 2021 will be transformed into call and put options on a basket comprised of the ordinary shares (PCAR3 e ASAI3) and with the ticker of the PCAR underlying asset.

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The call and put options on PCAR3 will be converted by a 1:1 ratio into call and put options on PCAR, with the same parameters as the original position.

Example: a flexible call option on PCAR3 will be transformed into a flexible call option on PCAR, maintaining all the parameters of the original position (strike price, quantity, position, barriers, caps, fixing and expiration).

The PCAR basket will be created only for the internal settlement of outstanding positions at the end of February 26, 2021. This underlying asset will not be available for registration at any time, but the positions may be early settled.

In the case of the PCAR3 underlying asset, registration will not be interrupted for centrally cleared flexible options.

## **6. Procedures in Index portfolios**

The ASAI3 ordinary share will be included in the IBOV, IBrA, IBXX, ICO2, ICON, IGCT, IGCX, IGNM, ISEE, ITAG and MLCX index portfolios, with the same theoretical quantity as the PCAR3 theoretical quantity.

Considering the ex-partial spin off price of PCAR3 and the price arbitrated for ASAI3, the sum of the financial values of these assets in the above index portfolios at the start of the day of March 1, 2021 will be the same as the financial value of PCAR3 at the end of the day on February 26, 2021.

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## **7. Assets deposited as collateral**

PCAR3 (Pão de Açúcar) assets deposited in the collateral subaccount (2390-6) will continue to be eligible as collateral, alongside acceptance of the new shares ASAI3 (Sendas), in accordance with the collateral eligibility criteria described in item 6.3 of the B3 Clearinghouse Risk Management Manual.

Further information can be obtained by calling the Positions (+55 11 2565-5013), Trading (+55 11 2565-5021), and OTC and Structured Transaction Certificates (+55 11 2565-5044) Contact Centers.

Gilson Finkelsztain  
Chief Executive Officer

Cícero Augusto Vieira Neto  
Chief Operating Officer

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