

September 08, 2022
005/2022-VNC

CIRCULAR LETTER

Listed B3 Participants

Re.: **Changes to B3's Trading Procedures Manual and the B3 Clearinghouse Operating Procedures Manual**

We hereby inform you that on **September 12, 2022**, new versions will come into effect of B3's Trading Procedures Manual and the B3 Clearinghouse Operating Procedures Manual, with changes regarding the implementation of call and put options on Brazilian Depositary Receipts (BDRs).

The purpose of the changes to B3's Trading Procedures Manual is to include options on BDRs in methodologies, criteria and trading procedures.

In the B3 Clearinghouse Operating Procedures Manual, the changes establish procedures for processing positions in options on BDRs in the case of corporate actions.

The changes are described in the Annex hereto.

The new version of B3's Trading Procedures Manual is available at www.b3.com.br/en_us/, Regulation, Regulatory framework, Regulations and manuals, Trading, Access the documents; and of the B3 Clearinghouse Operating Procedures Manual at www.b3.com.br/en_us/, Regulation, Regulatory framework,

005/2022-VNC

Regulations and manuals, Clearing, settlement and risk management, Access the documents. Both will be available as of **September 12, 2022**.

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; or from Support for Settlement Processes and Services by telephone on +55 11 2565-5014 or by email at liquidacao@b3.com.br

José Ribeiro de Andrade
Chief Product and Client Officer

Mario Palhares
Chief Operating Officer –
Electronic Trading and CCP

Annex to CIRCULAR LETTER 005/2022-VNC

Description of the changes:

I. B3's Trading Procedures Manual

TITLE II – TRADING ENVIRONMENT

CHAPTER III – TRADING

6. AUCTIONS

Section 6.6. Auction parameters

Subsection 6.6.1.2. Specific criteria triggering an auction for quantity with options

Inclusion of options on BDRs in the subsection's first paragraph.

7. TRADING TUNNELS

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

Subsection 7.2.2. Methodology for calculating options auction and rejection tunnels

The changes include options on BDRs in the auction tunnel and rejection tunnel methodologies for the options market.

Subsection 7.2.2.1. Options on equities, BDRs and ETFs

Change to the title and content of the subsection to determine that, during the trading session, the trade prices of the underlyings of the options on BDRs are used.

Section 7.3. Rejection tunnel

Subsection 7.3.3. Type 3 rejection tunnel (based on the price of the last trade in the option's underlying)

005/2022-VNC

Texts included in the section and in the subsection to include options on BDRs in the type 3 rejection tunnel methodology.

Subsection 7.4.4. Type 4 auction tunnel (based on average traded quantity or quantity compared with issuer's share capital)

Text adapted to include options on BDRs in the type 4 auction tunnel methodology.

10. CIRCUIT BREAKER

Text complemented to include trading in options on BDRs in the operating procedure regarding the circuit breaker.

CHAPTER IV - TECHNOLOGICAL RISK CONTROL

2. MESSAGING CONTROL

Section 2.1. Trading messages control

Subsection 2.1.1 Messaging control methodology

Inclusion of the options on BDRs in the table that sets out the criteria for calculating the trading volume, in accordance with the group of assets or derivatives.

TITLE III – ORGANIZED MARKETS

CHAPTER I – EXCHANGE MARKET

4. DERIVATIVES MARKET

Section 4.2. Options market

Subsection 4.2.1. Call and put options on equities, BDRs, ETFs, Ibovespa and IBrX-50

Subsection 4.2.5. Option style and exercise

005/2022-VNC

The changes to the section and respective subsections include options on BDRs in the options market.

Section 4.3. Instrument registration

Subsection 4.3.1. Options on equities, BDRs, indices and ETFs

Subsection 4.3.2. Automatic series registration

The changes include options on BDRs in the criteria B3 has established to allow trading in option series and also add them to the procedures for the registration of option series by participant request.

II. B3 Clearinghouse Operating Procedures Manual

CHAPTER 6 – POSITION MANAGEMENT

Section 6.8. Processing corporate actions

Change to the wording of the item on corporate actions without changing the underlying asset, to encompass corporate actions that result in a changed quantity of assets of the same type, category or class.

Subsection 6.8.1. Processing corporate actions for options based on cash market assets

The changes set down the specific procedures to be adopted for processing corporate actions that involve options on BDRs in the following situations:

- i. cash corporate actions
- ii. corporate actions in assets changing the underlying asset

Please note that there has been no change to the procedures for updating positions in corporate actions without changing the underlying asset, which encompasses options on BDRs.