

August 09, 2022  
095/2022-PRE

## CIRCULAR LETTER

Listed B3 Participants

Re.: **Change to the Methodology of the Un-sponsored BDR Index – Global (BDRX)**

We hereby inform you that as of **August 16<sup>th</sup>, 2022**, a new methodology will come into effect to draw up the theoretical portfolio of assets that comprise the Un-sponsored BDR Index – Global (BDRX).

In May 2021, a 60% minimum presence in trading sessions was introduced for assets to be included in the BDRX, as set forth in Circular Letter 023/2021-PRE, dated March 25, 2021. To keep up with the development of the BDRs market, this inclusion parameter will now be increased to 95%.

The new methodology, with the appropriate details, is contained in the Annex hereto.

The BDRX portfolio of September 2022 will be calculated according to the new methodology as of the second preview.

This Circular Letter revokes and substitutes Circular Letter 023/2021-PRE, dated March 25, 2021.

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Further information can be obtained from the Listed Products Department by calling +55 11 2565-7748 or emailing [DerivativosEquities@b3.com.br](mailto:DerivativosEquities@b3.com.br).

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## **Annex to CIRCULAR LETTER 095/2022-PRE**

### **Methodology of the Un-sponsored BDR Index – Global (BDRX)**

BDRX results from a theoretical portfolio of assets drawn up in accordance with the criteria established in this methodology.

The B3 indices follow procedures and rules contained in the Concepts and Practices Manual, at [http://www.b3.com.br/en\\_us/](http://www.b3.com.br/en_us/), Market Data and indices, Indexes, Indexes for Segments and Sectors, Un-sponsored BDR Index – GLOBAL (BDRX).

#### **1. Objective**

The BDRX is an indicator that tracks the average performance of the Un-sponsored BDRs that are authorized to trade on B3 and comply with the criteria established herein.

#### **2. Index type**

The BDRX is a total return index (see the Concepts and Practices Manual for B3 Indices).

#### **3. Eligible assets**

The BDRX is comprised of Un-sponsored BDRs backed by Equities or ADRs that are traded on B3 and have market makers

#### **4. Inclusion criteria**

To be selected for inclusion in the BDRX, the assets must comply with all the following criteria:

**4.1** They must be Unsponsored BDRs listed on B3

**4.2** They must have market makers

**4.3** They must have traded in 95% or more of the trading sessions held in the three previous portfolio cycles

**4.4** They must not be classified as “penny stocks” (see Concepts and Practices Manual for B3 Indices).

#### **5. Exclusion criteria**

Unsponsored BDRs will be excluded from the theoretical portfolio if:

**5.1** They cease to comply with any of the above inclusion criteria

**5.2** Their issuer or depository files for bankruptcy or in-court reorganization, initiates dissolution, liquidation or bankruptcy proceedings or is extinguished during the portfolio cycle

#### **6. Weighting criteria**

Each unsponsored BDR in the BDRX portfolio is weighted by its market value in Brazilian Reals, i.e., the total quantity of shares issued by the company, adjusted by the number of shares per BDR, times the Brazilian Reals price per BDR.

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No BDR may have a weight exceeding 20% at the time of its inclusion or in subsequent rebalancing.

If this ceiling is breached, adjustments will be made to cap the weight of the BDR in question and the excess will be proportionally redistributed among the other assets in the portfolio.

## **7. Calculation method**

The theoretical portfolio is recalculated at each calculation point by multiplying the theoretical quantity of each BDR by the price of the last trade registered since the previous recalculation or, in the absence of a last price, by the reference price, which is the arithmetic mean of the top-of-book bid and ask registered at the time of calculation.