Circular Letter
October 21, 2025, 109/2025-PRE

Change to the Pricing Model for Hydrous Ethanol Futures Contract (ETH)

Intended for segment participants: Listed.

Summary: As of November 3, 2025, B3 will change the pricing methodology for the Cash-Settled Hydrous Ethanol Futures Contract (ETH).

Seeking to improve the pricing methodology for derivatives contracts, B3 heraby informs you that as of November 3, 2025, it will change the settlement price calculation model for the Cash-Settled Hydrous Ethanol Futures Contract (ETH):

The currently effective rules and procedures, which are set out below, will change as described herein. Further details about these rules and procedures are available in the B3 Pricing Manual - Futures. .

Procedures

1. The settlement price is the average price of valid trades registered in the price formation window and are validated as per the parameters in Table 6 of the Monthly Parameters Annex - Futures. **This procedure will not be changed.**

2. If procedure 1 cannot be applied, the settlement price will be the average bid price determined by the VWAP Methodology in the price formation window. Validation is performed according to the parameters in Table 6 of the Monthly Parameters Annex - Futures. The VWAP Methodology can be found in item (iv) of the General Provisions

Section, Matket Pricing B3 Pricing Manual - Futures. **This procedure will not be changed.**

3. If the above procedures cannot be applied, the settlement price for the expiration in question will be the previous day settlement price (t-1). **This procedure will be replaced.**

$$SP_{n,t} = SP_{n,t-1}$$

4. If the settlement price cannot be determined using the previous procedures due to the absence of a settlement price on the previous day (first trading day), it will be determined by the settlement price calculated from an exponential interpolation of the nearest previous and subsequent expiration, or by a constant extrapolation when there is no subsequent expiration. **This procedure will not be changed.**

Model Change

B3 will **replace** the current procedure 3, which will now have the rules described below:

If it is not possible to apply the previous procedures (1 and 2), the settlement price will be determined by applying the daily percentage spread below:

$$SP_{n,t} = SP_{n,t-1} \times Spread$$

Where:

$\boldsymbol{SP_{n,t}}$ is the futures contract settlement price for *n*th expiration on *t* date;

$\boldsymbol{SP_{n,t-1}}$ is the futures contract settlement price for *n*th expiration on $t-1$ date;

$\boldsymbol{Spread}$ is the spread calculated based on one of the methods described below (3.1 ou 3.2).

3.1 If there is at least one *j* expiration on *t* date with a settlement price determined by procedures 1 or 2 above, the spread will be obtained by averaging the spreads for each expiration, as follows:

$$Spread = \sum_{j=1}^{k} \frac{Spread_j}{k}$$

Where:

$Spread_j = \frac{SP_{j,t}}{SP_{j,t-1}}$ is the ratio between the settlement price of the $j$nth expiration calculatedby P1 or P2 and its respective settlement price in $t-1$;

k: is the total number of expirations adjusted by procedures 1 or 2 for the product on t date.

3.2 If no $SP_{n,t}$ expiration is calculated by procedures 1 or 2, the ratio of the Hydrous Ethanol ESALQ/BM&F Posto Paulínia (SP) spot index will be used, expressed in Brazilian Reals per m^3, source CEPEA/ESALQ, as follows:

$$Spread = \frac{Index_{t-1}}{Index_{t-2}}$$

Where:

$\boldsymbol{Index_{t-1}}$ is the Hydrous Ethanol *CEPEA/ESALQ* index for the $t-1$ date;

$\boldsymbol{Index_{t-2}}$ is the Hydrous Ethanol *CEPEA/ESALQ* index for the $t-2$ date.

Exclusively on November 3, 2025, the first day of the new methodology, the use of trades executed during the day (between the start time of the product's trading session and the end of its price formation window) will be permitted in expirations that cannot form a price through procedures 1 and 2. In this scenario, of using day trades, the same trading parameters used for the price formation window will be used, as described in Table 6 of the [Monthly Parameters Annex - Futures].

We reiterate that the wording of the Hydrous Ethanol contract draft remains as published on https://www.b3.com.br/en_us > Products and Services > Commodities > Hydrous Ethanol.

For further information, please contact our service center below.

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