

CHANGE TO PRODUCT OR SERVICE

Changes to Weekly-Expiring Call and Put Options on Single Stocks, Units, ETFs and BDRs

Destined for segment participants: Listed.

Summary: The contracts will henceforth encompass all types of BDRs and all classes of Investment Fund Shares.

B3 has made changes to Weekly-Expiring Call Options on Single Stocks, Units, ETFs and BDRs (Call Options) and Weekly-Expiring Put Options on Single Stocks, Units, ETFs and BDRs (Put Options) to widen the classes of underlying assets available for trading.

These changes include the simplification of provisions applicable to the Call and Put Options so as to encompass all types of BDRs and all classes of Investment Fund Shares. Furthermore, put option contracts will no longer contain contract coverage information.

The changed contracts, attached hereto, are as follows:

- Annex 1: Weekly-Expiring Call Options on Single Stocks, Units, Investment Funds and BDRs
- Annex 2: Weekly-Expiring Put Options on Single Stocks, Units, Investment Funds and BDRs

We will also provide the modified contracts on the [B3 website](#).

This Circular Letter revokes and fully substitutes Circular Letter 181-2023-PRE, dated November 31, 2023.

For further information please contact our service centers.

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B3 S.A. – Brasil, Bolsa, Balcão

Annex 1 – Weekly-Expiring Call Options on Single Stocks, Units, Investment Funds and BDRs

1. Contract information

Underlying	Call Options on Single Stocks, Units, Brazilian Depositary Receipts (BDRs) or Investment Funds admitted for trading on the exchange market of B3 S.A. – Brasil, Bolsa, Balcão (B3) (underlying assets), expiring weekly every Friday except on the third Friday of the expiration month, which grant the holder the right to buy the underlying from the writer.
Parties to the contract	Holder: option buyer who has the prerogative to buy the underlying asset of the option. Writer: option seller who assumes the obligation to sell the underlying asset of the option upon exercise by the holder.
Premium	Purchase value of the option, paid by the holder to the writer, expressed in Brazilian Reals for a unit or lot of the underlying asset, depending on the quotation factor, with up to two decimal places. The quotation factor is published by B3 and indicates whether the underlying asset's quotation in BRL refers to a unit or a multiple of the underlying asset.
Tick size	BRL 0.01

Contract size	Quantity of the option's underlying asset.
Strike price	Established and published by B3 expressed in Brazilian Reals per unit or lot of the underlying asset, depending on the quotation factor, with up to two decimal places.
Expiration weeks	Every week of the month, except the week of the third Friday of the month.
Last trading day	On the Expiration Date.
Expiration date	Every Friday of the month, except the third Friday of the month. If that date is not on a Trading Session Day, the expiration will occur on the immediately previous date when there is a trading session, pursuant to clause 6 below.
Style	European: option can only be exercised on the expiration date; or American: option can be exercised as of the business day following its acquisition (T+1) up until and including the expiration date, except for an acquisition made on the expiration date, which shall involve automatic exercise on the trading day.
Coverage	Total or partial coverage of the option is allowed at the writer's discretion, as established in the B3 Clearinghouse Operating Procedures Manual.

Margin	The margin requirement criteria are established in B3's Risk Management Manual.
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For the purposes of this contract, (i) "Business Day" shall be considered the day for the purposes of transactions conducted in the domestic financial market, pursuant to Resolution 4880 of December 23, 2020, of the National Monetary Council, as amended from time to time; and (ii) "Trading Session Day", any of the days on which there is a trading session at B3.

2. Exercise

a) Manual exercise

The option is exercised manually when the holder notifies the writer that he intends to use his right to buy the underlying asset at the strike price.

The option may be exercised even if the price of the underlying asset is lower than the strike price, but in this case B3's permission is required.

b) Automatic exercise

Option exercise will be performed automatically on the expiration date whenever the difference between the underlying asset's reference price on the cash market and the option's strike price is positive (in the money).

3. Contrary exercise

If the difference between the underlying asset's reference price on the cash market and the option's strike price is negative (out of the money) or if the difference is zero (at the money), the holder may exercise the option by request to B3, provided the strike price is within the price tunnel, with the underlying asset's reference price as the center of the tunnel.

If the option is in the money, the holder may block automatic exercise by request to B3.

In-the-money options with automatic exercise blocked by the holder and the writers' option positions that are not exercised will be automatically extinguished.

4. Settlement of the option

a) Cash settlement of the premium

Cash settlement of the premium occurs on the settlement date subsequent to the trade date and is calculated according to the following formula:

$$PV = \frac{P \times Q}{QF}$$

Where:

PV = is the cash settlement value of the premium expressed in BRL, to two decimal places

P = is the premium

Q = is the quantity of options traded

QF = is the underlying asset's quotation factor

b) Settlement of the exercised position

Settlement of the exercised position is performed by the option holder's purchase and the writer's sale of the underlying asset at the strike price.

5. Treatment of corporate actions

B3 may adjust the strike price and quantity by an amount equivalent or proportional to a corporate action, as established in the B3 Clearinghouse Operating Procedures Manual.

6. Special conditions

a) Extraordinary Holiday

An Extraordinary Holiday is defined as a holiday not foreseen in the national, state, or local calendar and not reflected in the calendar published by B3, established by competent authorities, which does not permit the occurrence of a trading session at B3.

When the Expiration Date is an Extraordinary Holiday, the contract's Expiration Date and reference for calculation of the premium settlement value will be postponed and will correspond to the first Trading Session Day following the Extraordinary Holiday, as described in Clause 1.

b) Other unforeseen situations

In situations not foreseen in this instrument, including without limitation those deriving from measures implemented by government entities, regulators or other competent authorities, as well as any other events that directly or indirectly affect the formation, calculation, representativity, publication, availability or continuity of the underlying object or any of the variables of this contract, B3 will at its sole discretion and based on its regulations take the measures it deems necessary for the contract's cash settlement, continuity or extension on an equivalent basis.

7. Governing law

This instrument is governed by and will be construed under the laws in force in the Federative Republic of Brazil.

8. Application of B3's rules and regulations

All norms, rules, regulations and procedures established by B3 apply to this instrument.

Annex 2 – Weekly-Expiring Put Options on Single Stocks, Units, Investment Funds and BDRs

1. Contract information

Underlying	These are Put Options on Single Stocks, Units, Brazilian Depositary Receipts (BDRs) or Investment Fund Shares admitted for trading on the exchange market of B3 S.A. – Brasil, Bolsa, Balcão (B3) (underlying assets), expiring weekly every Friday except on the third Friday of the expiration month, which grant the holder the right to sell the underlying to the writer.
Parties to the contract	Holder: option buyer who has the prerogative to sell the underlying asset of the option. Writer: option seller who assumes the obligation to buy the underlying asset of the option upon exercise by the holder.
Premium	Purchase value of the option, paid by the holder to the writer, expressed in Brazilian Reals for a unit or lot of the underlying asset, depending on the quotation factor, with up to two decimal places. The quotation factor is published by B3 and indicates whether the underlying asset's quotation in BRL refers to a unit or a multiple of the underlying asset.
Tick size	BRL 0.01.

Contract size	Quantity of the option's underlying asset.
Strike price	Established and published by B3 expressed in Brazilian Reals per unit or lot of the underlying asset, depending on the quotation factor, with up to two decimal places.
Expiration weeks	Every week of the month, except the week of the third Friday of the month.
Last trading day	On the Expiration Date
Expiration date	Every Friday of the month, except the third Friday of the month. If that date is not on a Trading Session Day, the expiration will occur on the immediately previous date when there is a trading session, pursuant to clause 6 below.
Style	European: option can only be exercised on the expiration date.
Margin	The margin requirement criteria are established in B3's Risk Management Manual.

For the purposes of this contract, (i) "Business Day" shall be considered the day for the purposes of transactions conducted in the domestic financial market, pursuant to Resolution 4880 of December 23, 2020, of the National Monetary Council, as amended from time to time; and (ii) "Trading Session Day", any of the days on which there is a trading session at B3.

2. Exercise

a) Manual exercise

The option is exercised manually when the holder notifies the writer that he intends to use his right to sell the underlying asset at the strike price.

The option may be exercised even if the price of the underlying asset is higher than the strike price, but in this case B3's permission is required.

b) Automatic exercise

Option exercise will be performed automatically on the expiration date whenever the difference between the underlying asset's reference price on the cash market and the option's strike price is positive (in the money).

3. Contrary exercise

If the difference between the underlying asset's reference price on the cash market and the option's strike price is negative (out of the money) or if the difference is zero (at the money), the holder may exercise the option by request to B3, provided the strike price is within the price tunnel, with the underlying asset's reference price as the center of the tunnel.

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calculation, representativity, publication, availability or continuity of the underlying object or any of the variables of this contract, B3 will at its sole discretion and based on its regulations take the measures it deems necessary for the contract's cash settlement, continuity or extension on an equivalent basis.

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This instrument is governed by and will be construed under the laws in force in the Federative Republic of Brazil.

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