

October 10, 2023  
161/2023-PRE

## CIRCULAR LETTER

Listed B3 Participants

Re.: **Change to the Tick Size for Call and Put Options on the Bovespa Index (IBOV11) – Call Option**

We hereby inform you that as of **November 20<sup>th</sup>, 2023**, the tick size of call and put options on the Bovespa Index will change from one to **five index points**.

The contract's other technical characteristics remain unchanged.

Participants who wish to validate the tick size change can request support at [tradingcertification@b3.com.br](mailto:tradingcertification@b3.com.br).

The new version of the contract with this change is contained in the Annex to this Circular Letter and will be available at [www.b3.com.br/en\\_us](http://www.b3.com.br/en_us), Products and Services, Trading, Equities, Bovespa Index, Options, Options on Ibovespa, Call Options on Ibovespa.

Further information can be obtained from the Products Department by email at [derivativosequities@b3.com.br](mailto:derivativosequities@b3.com.br).

Gilson Finkelsztain  
Chief Executive Officer

José Ribeiro de Andrade  
Chief Product and Client Officer

**Annex I to CIRCULAR LETTER 161/2023-PRE**
**Bovespa Index Call Option Contract**
**1. Contract information**

<b>Purpose</b>	Call option on the Bovespa settlement Index (Ibovespa Option), calculated and disclosed by B3 S.A. – Brasil, Bolsa, Balcão (B3) (Underlying Asset), which gives the Holder the right to buy the Underlying Asset from the Writer
<b>Parties to the Contract</b>	<p>“Holder”: Option buyer who has the prerogative to buy the Underlying Asset of the Option</p> <p>“Writer”: Option writer who assumes the obligation to sell the Underlying Asset of the Option upon exercise by the Holder</p>
<b>Premium</b>	Purchase value of the Option, paid by the Holder to the Writer, expressed in points, each point equivalent to BRL1.00
<b>Tick size</b>	5 index points

<b>Contract size</b>	Ibovespa multiplied by the value in reais of each point, as defined in item 'Premium'
<b>Exercise Price</b>	The exercise price is established and disclosed by B3 and expressed in index points
<b>Contract Months</b>	All months
<b>Last Trading Day</b>	The last trading day of the Option is the trading session immediately before the Maturity Date
<b>Maturity date</b>	The Wednesday closest to the 15th of the maturity month. If that day is not a Trading Session Day, the maturity will occur on the subsequent date when there is a trading session
<b>Style</b>	European

For the purposes of this contract, (i) "Business Day" shall be considered the day for the purposes of operations 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 in which there is a trading session on according to the calendar released by B3.

## **2. Exercise**

Exercise is the transaction by which the Holder, upon request, exercises the right to buy the Underlying Asset of the Option for the exercise price. Regardless of the request for exercise, the rights of the Holder and the obligations of the Writer will be automatically terminated on the maturity date of the Option.

On the maturity date of the Option, the exercise will be conducted by B3, subject to the following conditions:

- a) If the Ibovespa settlement value is above the exercise price of the Option; and
- b) The Holder does not register in the trading system the intention not to exercise the Option on the maturity date.

## **3. Settlement of the option**

### **3.1. Premium Cash Settlement**

The premium cash settlement will occur on the settlement date following the day of the negotiation and the values will be calculated according to the following formula:

$$VP = P \times M \times Q$$

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Where:

**VP** = premium cash settlement truncated in the second decimal place.

**P** = premium.

**M** = value in reais of each index point, as defined in clause 1 in item 'Premium'; and

**Q** = number of Options negotiated.

### 3.2. Settlement of exercised positions

Exercised positions will be cash settled exclusively. The settlement value shall be calculated according to the following formula:

$$\mathbf{VL} = (\mathbf{IBV} - \mathbf{PE}) \times \mathbf{M} \times \mathbf{Q}$$

Where:

**VL** = exercise settlement value.

**IBV** = value of the settlement Ibovespa on the maturity date.

**PE** = exercise price.

**M** = value in reais of each index point, as defined in clause 1 in item 'Premium'; and

**Q** = number of Options negotiated.

The settlement value will be transacted on the second Trading Session Day following the maturity date.

#### **4. Special conditions**

##### **a) Extraordinary Holiday**

Extraordinary Holiday is defined as the holiday not foreseen in the domestic, 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 Maturity Date is an Extraordinary Holiday, the contract Maturity 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**

If, for any reason, the value of the settlement Ibovespa corresponding to the maturity date of the contract is not disclosed, B3 may, at its discretion:

- a)** extend the official disclosure hour on the day; or
- b)** use as settlement value a value arbitrated by it as outlined in the B3 Clearinghouse Operating Procedures Manual.

## **5. Margin**

The margin criteria will be adopted as outlined in the B3 Clearinghouse Risk Management Manual.

## **6. Applicable Law**

This instrument is governed by and construed in accordance with the laws in force in the Federative Republic of Brazil.

## **7. Application of B3 standards and regulations**

All standards, regulations, rules, and procedures disclosed by B3 shall apply to this instrument.