

July 04, 2024
091/2024-PRE

CIRCULAR LETTER

Listed B3 Participants

Re.: **Launch of Call Options and Put Options on the Small Cap Index**

B3 hereby informs you that as of **August 5, 2024**, Call Options (Annex I) and Put Options (Annex II) on the Small Cap Index will be available for trading.

The specifications and the trading times of the contracts will be available at www.b3.com.br/en_us/, Products and services, Trading, Equities, Small Cap Index.

The fee policy of the contracts will be available at www.b3.com.br/en_us/, Products and services, Fee schedules, Listed equities and derivatives, Equities, Small Cap Index, Options.

The minimum quantities for cross order registration will be available on the B3 website, at www.b3.com.br/en_us/, Solutions, Platforms, PUMA Trading System, Participants and Traders, Rules and trading parameters, Cross Orders.

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Further information can be obtained from the Listed Products and Data Department by email at derivativosequities@b3.com.br or from the Trading Department by email at tradingsupport@b3.com.br and trading@b3.com.br.

Gilson Finkelsztain
Chief Executive Officer

José Ribeiro de Andrade
Chief Product and Client Officer

Annex I to CIRCULAR LETTER 091/2024-PRE

SMALL CAP INDEX CALL OPTION CONTRACT

1. Contract information

Underlying	Call option on the Small Cap Index (Option) at the settlement price calculated and published by B3 S.A. – Brasil, Bolsa, Balcão (B3) (Underlying Asset), which grants the Holder the right to buy the Underlying Asset from the Writer.
Parties to the contract	<p>“Holder”: Option buyer who has the prerogative to buy the Underlying Asset of the Option</p> <p>“Writer”: Option seller who assumes the obligation to sell the Underlying Asset of the Option upon exercise by the Holder.</p>
Premium	The price of the Option paid by the Holder to the Writer, expressed in points, with each point equivalent to BRL 0.10.
Tick size	0.10 of an index point.
Contract size	B3 Small Cap Index multiplied by the value in Brazilian Reals of each point, as defined in the item ‘Premium’.
Strike price	The strike price is established and published by B3 and expressed in index points.
Contract months	All months.
Last trading day	The last trading day of the Option is the trading session immediately before the expiration date.
Expiration date	The Wednesday closest to the 15 th of the expiration month. If that day is not a Trading Session Day, the expiration will occur on the subsequent date when there is a trading session, pursuant to the provisions of clause 4 below.
Style	European.

This document produces effects as of the date of its publication. Any specified time limits for validity shall apply. This free translation into English from the original version in Portuguese is available for information purposes only, has not been reviewed by B3’s legal counsel, and is therefore not legally binding. Any questions arising from this free translation should be clarified by consulting the original version in Portuguese. In the event of any discrepancy between this free translation and the original version in Portuguese, the original version in Portuguese shall prevail.

I

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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 national 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

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

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

- a) If the settlement price of the B3 Small Cap Index exceeds the strike price of the Option; and
- b) If the Holder does not register in the trading system the intention not to exercise the Option on the expiration date.

3. Settlement of the option

a) Premium cash settlement

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

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

Where:

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- VP** = premium cash settlement value, to the second decimal place;
- P** = premium;
- M** = value in Brazilian Reals (BRL) of each index point, as defined in clause 1, in the "Premium" item; and
- Q** = volume of Options traded.

b) Settlement of the exercised position

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

$$VL = (SMLL - PE) \times M \times Q$$

Where:

- VL** = exercise settlement value;
- SMLL** = value of the settlement B3 Small Cap Index on the expiration date;
- PE** = strike price;
- M** = value in Brazilian Reals (BRL) of each index point, as defined in clause 1 in item "Premium"; and
- Q** = volume of Options traded.

The settlement value will be transferred on the second Trading Session Day following the expiration date.

4. Special conditions

a) Extraordinary Holiday

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

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When the Expiration Date is an Extraordinary Holiday, the contract 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 arising from acts emanating from government entities, regulators or other competent authorities, as well as any other facts that directly or indirectly impact the formation, calculation, representativity, publication, availability or continuity of the underlying asset or any of the variables of this contract, B3 will take the measures that it deems necessary, at its sole discretion, aiming for the settlement, continuity or extension of the contract on equivalent terms, based on its rules.

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 published by B3 shall apply to this instrument.

Annex II to CIRCULAR LETTER 091/2024-PRE

SMALL CAP INDEX PUT OPTION CONTRACT

1. Contract information

Underlying	Put option on the Small Cap Index (Option) at the settlement price calculated and published by B3 S.A. – Brasil, Bolsa, Balcão (B3) (Underlying Asset), which gives the Holder the right to sell the Underlying Asset to the Writer.
Parties to the contract	<p>“Holder”: Option buyer who has the prerogative to sell the Underlying Asset of the Option</p> <p>“Writer”: Option seller who assumes the obligation to buy the Underlying Asset of the Option upon exercise by the Holder.</p>
Premium	The price of the Option paid by the Holder to the Writer, expressed in points, with each point equivalent to BRL 0.10.
Tick size	0.10 of an index point.
Contract size	B3 Small Cap Index multiplied by the value in Brazilian Reals of each point, as defined in the item ‘Premium’.
Strike price	The strike price is established and published by B3 and expressed in index points.
Contract months	All months.
Last trading day	The last trading day of the Option is the trading session immediately before the expiration date.
Expiration date	The Wednesday closest to the 15 th of the expiration month. If that day is not a Trading Session Day, the expiration will occur on the subsequent date when there is a trading session, pursuant to the provisions of clause 4 below.
Style	European.

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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 national 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

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

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

- a) If the settlement price of the B3 Small Cap Index is lower than the strike price of the Option; and
- b) If the Holder does not register in the trading system the intention not to exercise the Option on the expiration date.

3. Settlement of the option

a) Premium Cash Settlement

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

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

Where:

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- VP** = premium cash settlement value, to the second decimal place;
- P** = premium;
- M** = value in Brazilian Reals (BRL) of each index point, as defined in clause 1, in the "Premium" item; and
- Q** = volume of Options traded.

b) Settlement of the exercised position

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

$$VL = (PE - SMLL) \times M \times Q$$

Where:

- VL** = exercise settlement value;
- SMLL** = value of the settlement B3 Small Cap Index on the expiration date;
- PE** = strike price;
- M** = value in Brazilian Reals (BRL) of each index point, as defined in clause 1 in item "Premium"; and
- Q** = volume of Options traded.

The settlement value will be transferred on the second Trading Session Day following the expiration date.

4. Special conditions

a) Extraordinary Holiday

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

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When the Expiration Date is an Extraordinary Holiday, the contract 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 arising from acts emanating from government entities, regulators or other competent authorities, as well as any other facts that directly or indirectly impact the formation, calculation, representativity, publication, availability or continuity of the underlying asset or any of the variables of this contract, B3 will take the measures that it deems necessary, at its sole discretion, aiming for the settlement, continuity or extension of the contract on equivalent terms, based on its rules.

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