

September 05, 2024  
012/2024-VPC

## CIRCULAR LETTER

Listed B3 Participants

Re.: **Launch of Call Options and Put Options on the Conilon Robusta Coffee Futures Contract**

B3 hereby informs you that as of **September 23, 2024**, Call Options on the Conilon Robusta Futures Contract (Annex I) and Put Options on the Conilon Robusta Futures Contract (Annex II) will be available for trading.

The specifications and the trading hours of the contracts will be available at [www.b3.com.br/en\\_us/](http://www.b3.com.br/en_us/), Products and Services, Trading, Commodities, Conilon Coffee.

The fee policy of the contracts will be available at [www.b3.com.br/en\\_us/](http://www.b3.com.br/en_us/), Products and Services, Fee schedules, Listed equities and derivatives, Commodities, Conilon Coffee.

The minimum quantities for cross order registration will be available at [www.b3.com.br/en\\_us/](http://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 [produtos.commodities@b3.com.br](mailto:produtos.commodities@b3.com.br) or from the Trading Department by email at [tradingsupport@b3.com](mailto:tradingsupport@b3.com), and [trading@b3.com](mailto:trading@b3.com).

José Ribeiro de Andrade  
Chief Product and Client Officer

Mario Palhares  
Chief Operating Officer – Electronic  
Trading and CCP

## Annex I to CIRCULAR LETTER 012/2024-VPC

### Call Option on the Conilion Robusta Coffee Futures Contract

#### 1. Contract information

<b>Underlying</b>	Conilion Robusta Coffee Futures Contract traded at B3
<b>Ticker</b>	CNL
<b>Option style</b>	American
<b>Contract Size</b>	Each option refers to a Conilon Robusta Coffee Futures Contract whose traded unit corresponds to one hundred (100) 60-kilogram bags
<b>Quotation</b>	Option premium in Brazilian Reals (BRL) per 60-kilogram bag, to two decimal places
<b>Tick Size</b>	BRL 0.01
<b>Expiration Date</b>	Second Friday of the month preceding the option calendar month or the previous Trading Session Day, with due regard for the special conditions of clause 4 below
<b>Contract Months</b>	January, March, May, July, September, and November
<b>Reference Exchange Rate</b>	Brazilian Reals x United States Dollar exchange rate determined by B3 and published on its website

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<b>Agreed Exchange Rate</b>	Rate adopted by B3 for foreign exchange transactions ordered by the nonresident investors subject to CMN Resolution 2.687
<b>PTAX</b>	Brazilian Real x United States Dollar exchange rate, in accordance with the PTAX800 sell rate published by the Central Bank of Brazil
<b>Settlement upon expiration</b>	Cash settlement

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 4.880 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

The holder may request manual exercise of the option pursuant to the hours established.

On the expiration date, B3 will automatically exercise the option, subject to the following conditions.

Call option:

- a) if the result of the difference between the settlement price of the contract and the strike price, for the holder, is positive; and

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- b)** If the holder does not register, in the trading system, its intention not to exercise the call on the expiration date.

Cash settlement will occur on the Business Day following the day of the trade.

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

#### **a) Premium cash settlement**

The premium cash settlement will occur on the Business Day following the day of the trade and the values will be calculated according to the following formula:

$$VLP = P \times 100$$

Where:

VLP = the premium settlement value to the second decimal place

P = the option premium in Brazilian Reals

#### **b) Settlement of the exercised position**

The exercise of an option means that the holder enters into a long position in the Conilon Robusta Coffee Futures Contract and the writer enters into a short position in the Conilon Robusta Coffee Futures Contract, both at the corresponding strike price.

The requirements relating to margin, cash settlement of variation margin and cash settlement upon expiration, outlined in the Conilon Robusta Coffee Futures Contract, shall apply to both cases.

### **4. Special conditions**

### **a) Extraordinary Holiday**

Extraordinary Holiday is defined as the 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.

If the Extraordinary Holidays correspond to the days previously considered Business Days and occur:

- i. On the expiration date: the expiration date considered will be the Business Day immediately after the Extraordinary Holiday.

### **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 others that directly or indirectly impact formation, calculation, representativity, publication, availability or continuity of the underlying asset or any of the variables of this contract, B3 will, at its sole discretion, take the measures that it deems necessary, aiming for the settlement, continuity or extension of the contract on equivalent terms.

## **5. Margin for the writer**

Margin shall be required from all writers and its value will be calculated in accordance with the criteria published by B3, which may be updated daily. The margin will be due on the next Business Day. For nonresident investors, if the next Business Day is a bank holiday in New York, the margin will be due on the first

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Business Day following the trade date. Any conversion of margin amounts, if necessary, will be made observing, as applicable, the provisions of clause 6.

## **6. Form of payment and receipt of amounts related to cash settlement**

Cash settlement of day trades, premiums and margin deposits in cash not quoted in Brazilian Reals will be as follows:

### **a) Resident and nonresident investors (except for CMN Resolution 2.687)**

Settlement is in Brazilian Reals as outlined in the B3 Clearinghouse Operating Procedures Manual.

### **b) Nonresident investors - Regulated by CMN Resolution 2.687**

Settlement in U.S. Dollars in New York, in the United States of America, via settlement institutions authorized by B3. The process is divided into two stages, as described below.

#### **i. Conversion of cash settlement values**

When applicable this will occur by the B3 Reference Exchange Rate for a specific date according to the nature of the value to be settled:

- a)** On the settlement of day trades: on the transaction day.
- b)** On the settlement of daily variation margins: on the date to which the variation margin refers.
- c)** For cash settlement upon maturity: on the business day before the date of the cash settlement.

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- d)** On conversion of the margin deposited in U.S. Dollar: the B3 Reference Exchange Rate on the day of the transaction.

The conversion of trading costs, if any, will be in accordance with the PTAX defined in clause 1.

**ii. Transfer of the exchange rate variation**

B3 will obtain the Agreed Exchange Rate based on the foreign exchange quotation obtained by B3 from an exchange institution. Any financial difference between the settlement value determined in accordance with clause 6.b.i and the settlement value calculated based on the Exchange Rate will be fully transferred to the nonresident investor.

The value of the financial transfer will be determined daily based on the nonresident investor's settlement value and the respective financial transaction will be included in U.S. Dollar in the nonresident investor's multilateral net balance on the settlement date.

The following formula is used to calculate the transfer:

$$VR_t = \text{Trunc} \left\{ V_{liqDOLt} \times \left[ \left( \frac{Tx_{referencialB3t}}{Tx_{cambiocontrat}} \right) - 1 \right]; 2 \right\}$$

Where:

$VR_t$  = value of the daily transfer in USD for date "t"



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$V_{liqDOLt}$  = investor's settlement value in USD, converted by the B3 Reference Exchange Rate on date "t"

$T_{xreferencialB3t}$  = the exchange rate of BRL/USD as defined above, on date "t"

$T_{xcambiocontrat}$  = the agreed exchange rate used by B3 for trades by nonresident investors pursuant to CMN Resolution 2.687, on date "t"

## **7. Applicable Law**

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

## **8. 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 012/2024-VPC

### Put Option on the Conilion Robusta Coffee Futures Contract

#### 1. Contract information

<b>Underlying</b>	Conilion Robusta Coffee Futures Contract traded at B3
<b>Ticker</b>	CNL
<b>Option style</b>	American
<b>Contract Size</b>	Each option refers to a Conilon Robusta Coffee Futures Contract whose traded unit corresponds to one hundred (100) 60-kilogram bags
<b>Quotation</b>	Option premium in Brazilian Reals (BRL) per 60-kilogram bag, to two decimal places
<b>Tick Size</b>	BRL 0.01
<b>Expiration Date</b>	Second Friday of the month preceding the option calendar month or the previous Trading Session Day, with due regard for the special conditions of clause 4 below
<b>Contract Months</b>	January, March, May, July, September, and November
<b>Reference Exchange Rate</b>	United States Dollar exchange rate determined by B3 and published on its website

<b>Agreed Exchange Rate</b>	Rate adopted by B3 for foreign exchange transactions ordered by the nonresident investors subject to CMN Resolution 2.687
<b>PTAX</b>	Brazilian Real per United States Dollar exchange rate, in accordance with the PTAX800 sell rate published by the Central Bank of Brazil
<b>Settlement upon expiration</b>	Cash settlement

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 4.880 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, according to the calendar released by B3.

## 2. Exercise

The holder may request manual exercise of the option pursuant to the hours established on the expiration date and B3 will automatically exercise the option, subject to the following conditions.

Put option:

- a) if the result of the difference between the settlement price of the contract and the strike price, for the holder, is positive; and

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- b)** If the holder does not register, in the trading system, its intention not to exercise the put 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 trade and the values will be calculated according to the following formula:

$$VLP = P \times 100$$

Where:

VLP = the premium cash settlement value to the second decimal places

P = the option premium in Brazilian Reals

#### **b) Settlement of the exercised position**

The exercise of an option means that the holder enters into a short position in the Conilon Robusta Coffee Futures Contract and the writer enters into a long position in the Conilon Robusta Coffee Futures Contract, both at the corresponding strike price.

The requirements relating to margin, cash settlement of variation margin and cash settlement upon expiration, outlined in the Conilon Robusta Coffee Futures Contract underlying the option, shall apply to both cases.

### **4. Special conditions**

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

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Extraordinary Holiday is defined as the 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.

If the Extraordinary Holidays correspond to the days previously considered Business Days and occur:

- i. On the expiration date: the expiration date considered will be the Business Day immediately after the Extraordinary Holiday.

#### **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 others that directly or indirectly impact formation, calculation, representativity, publication, availability or continuity of the underlying asset or any of the variables of this contract, B3 will, at its sole discretion, take the measures that it deems necessary, aiming for the settlement, continuity or extension of the contract on equivalent terms.

### **5. Margin for the writer**

Margin shall be required from all writers and its amount will be calculated in accordance with the criteria published by B3, which may be updated daily. The margin will be due on the next Business Day. For nonresident investors, if the next Business Day is a bank holiday in New York, the margin will be due on the first Business Day following the trade date. Any conversion of margin amounts, if necessary, will be made observing, as applicable, the provisions of clause 6.

## **6. Form of payment and receipt of amounts related to cash settlement and conversion of margin costs**

Cash Settlement of day trades, of premiums and margin deposits in cash not quoted in Brazilian Reals will be as follows:

### **a) Resident and nonresident investors (except for CMN Resolution 2.687)**

Settlement is in Brazilian Reals as outlined in the B3 Clearinghouse Operating Procedures Manual.

### **b) Nonresident investors - Regulated by CMN Resolution 2.687**

Settlement in U.S. Dollars in New York, in the United States of America, via settlement institutions authorized by B3. The process is divided into two stages, as described below.

#### **i. Conversion of cash settlement values**

When applicable this will occur by the B3 Reference Exchange Rate for a specific date according to the nature of the value to be settled:

- a) On the settlement of day trades: on the transaction day.
- b) On the settlement of daily variation margins: on the date to which the variation margin refers.
- c) For cash settlement upon maturity: on the business day before the date of the cash settlement.

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d) On conversion of the margin deposited in U.S. Dollar: the B3 Reference Exchange Rate on the day of the transaction.

The conversion of trading costs, if any, will be in accordance with the PTAX defined in clause 1.

**ii. Transfer of the exchange rate variation of a foreign exchange contract**

B3 will obtain the Agreed Exchange Rate based on the foreign exchange quotation obtained by B3 from an exchange institution. Any financial difference between the settlement value determined in accordance with clause 6.b.i and the settlement value calculated based on the Exchange Rate will be fully transferred to the nonresident investor.

The value of the financial transfer will be determined daily based on the settlement value for the nonresident investor and the respective financial transaction will be included in the investor's multilateral net balance on the settlement date.

The following formula is used to calculate the transfer:

$$VR_t = \text{Trunc} \left\{ V_{\text{liqDOLt}} \times \left[ \left( \frac{Tx_{\text{referencialB3t}}}{Tx_{\text{cambiocontrat}}} \right) - 1 \right]; 2 \right\}$$

Where:

$VR_t$  = value of the daily transfer in USD for date "t"

$V_{\text{liqDOLt}}$  = investor's settlement value in USD on date "t"

$Tx_{\text{referencialB3t}}$  = the exchange rate of BRL/USD as defined above, on date "t"

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Txcambiocontrat = the agreed exchange rate used by B3 for trades by nonresident investors pursuant to CMN Resolution 2.687, on date "t

## **7. Applicable Law**

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

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

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