

September 05, 2024
013/2024-VPC

CIRCULAR LETTER

Listed B3 Participants

Re.: **Launch of the Conilon Robusta Coffee Futures Contract**

B3 hereby informs you that as of **September 23, 2024**, the Conilon Robusta Futures Contract will be available for trading.

The technical specifications of the contract are contained in the Annex hereto.

The trading hours and specifications of the contract are available at www.b3.com.br/en_us/, Products and Services, Trading, Commodities, Conilon Coffee.

The settlement calculation methodology will be available at www.b3.com.br/en_us/, Market data and indices, Data services, Market data, Reports, Derivatives, Methodology, B3 Pricing Manual.

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, Commodities, Conilon Coffee.

013/2024-VPC

The minimum quantities for cross order registration will be available at www.b3.com.br/en_us/, Solutions, Platforms, PUMA Trading System, Participants and traders, Rules and trading parameters, Cross orders.

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

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Annex to CIRCULAR LETTER 013/2024-VPC

Conilion Robusta Coffee Futures Contract

1. Contract information

Underlying	Green coffee beans produced in Brazil, 'coffea canephora', type 7-35 or better, for delivery in the City of Vitória, State of Espírito Santo, Brazil
Ticker	CNL
Contract Size	One hundred (100) bags of sixty (60kg) net kilograms (equivalent to six metric tons)
Quotation	Brazilian Reals (BRL) per bag to two decimal places
Tick Size	BRL 0.01
Expiration Date	Sixth Trading Session Day before the last business day of the contract month. If this is not a Trading Session Day, expiration will occur in the immediately following trading session, with due regard for the special provisions in clause 5 below
Contract Months	January, March, May, July, September, and November
Reference Exchange Rate	Brazilian Reals x United States Dollar exchange rate, determined by B3 and published on its website

Agreed Exchange Rate	Rate adopted by B3 for foreign exchange transactions ordered by nonresident investors subject to CMN Resolution 2.687
PTAX	Brazilian Reals x United States Dollar exchange rate, in accordance with the PTAX800 sell rate published by the Central Bank of Brazil
Settlement Price	Closing price expressed in United States Dollars per bag, ascertained and/or arbitrated daily by B3 at its discretion, for each authorized contract month for purposes of updating the value of open positions and determination of the daily variation margin and settlement of day trades
Agribusiness Depository (DA)	Custodian establishment registered by B3 authorized to take deliveries of coffee for settlement of the contract

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. Daily variation margin

Open positions at the end of each trading session will be adjusted based on the settlement price of the day determined according to the rules established by B3, with the transfer of funds on the next Business Day, in compliance with clause 6.

013/2024-VPC

The daily variation margin of open positions will be calculated up until the Trading Session Day prior to the allocation date of the Delivery Notice, according to the following formulas:

a) Daily variation margin of the day

$$AD_t = (PA_t - PO) \times 100 \times n$$

b) Daily variation margin of positions outstanding from the previous day

$$AD_t = (PA_t - PA_{t-1}) \times 100 \times n$$

Where:

AD_t = daily variation margin, in Brazilian Reals, in reference to date "t"

PA_t = settlement price, in Brazilian Reals, for the respective contract month

PA_{t-1} = "t-1" settlement price, in Brazilian Reals, for the respective contract month.

PO = traded price in Brazilian Reals.

n = number of contracts.

The daily variation margin (AD_t) calculated as above, if positive, will be credited to the buyer and debited from the seller. If the calculation results in a negative value, it will be debited from the buyer and credited to the seller.

3. Delivery points

Delivery must be to warehouses registered with B3 in the category of Agribusiness Depositories (DA) - coffee. In case of delivery in a location other than the

013/2024-VPC

Municipality of Vitória, Espírito Santo state, the freight cost will be deducted to calculate the settlement value.

4. Settlement conditions at expiration

a) Delivery Notice registration period

The sellers who choose not to close their positions in a trading session up to the last day of trading shall electronically register a "Delivery Notice" within the period beginning on the first business day of the contract month and ending at 6:00 p.m. on the seventh business day before the last business day of the contract month.

The Delivery Notice not only identifies the coffee lots to be delivered, but also constitutes a valid instrument through which the seller shall grant B3 full powers for the specific purpose of allowing it to transfer the coffee lots deposited with the DAs from the seller to the buyer or to a person appointed by the buyer.

b) Procedures for Delivery Notice Electronic Registration and Allocation

Until the date of electronic registration of the Delivery Notice, the DA must send the following documents to B3, on behalf of the seller and through the Broker representing it:

- "Declaration of ownership and shipping list with the weight of the goods", which (i) states that the goods are free and clear from burdens of any kind, including pending tax matters; (ii) certifies that the big bags of the lot are new and are in perfect condition; and (iii) certifies that the costs of storage and insurance are paid covering the usual merchandise risks for 15 days from the date of issuance of the Delivery Notice; and

013/2024-VPC

- "Transfer Order", which informs B3 that the DA is aware of the seller's decision to transfer the lots under its title to a third party (buyer or third party designated by it), due to the physical settlement made through B3.

The seller shall, through its Broker, register the Certificates received, which must be confirmed electronically by the DA.

B3 will allocate the Delivery Notices to the buyers on the Business Day following the date of their electronic registration.

The Delivery Notices will be provided for selection by investors with long positions. B3 will offer the lots contained in these notices to the buyers, prioritizing allocation to those whose positions have been opened for the longest period. Should there be no parties interested in receiving all or part of the goods, B3 shall determine that the customer(s) who has(ve) held long position(s) for the longest period shall take delivery of the coffee.

The Delivery Notices submitted on a given day, which are not chosen during the trading session, shall be allocated to the buyers ranked by who has held positions for the longest period at the beginning of the same day, regardless of the transactions they perform during that day or in the after-hours session of the previous day.

c) Third-party assignment and billing

Sellers residing in Brazil may appoint third parties to deliver the coffee, provided they do so before electronic registration of the Delivery Notice. Nonresident sellers must appoint a substitute resident in Brazil to deliver the coffee, provided they do so before electronic registration of the Delivery Notice.

013/2024-VPC

Buyers may designate third parties to receive the coffee. Nonresident buyers who wish to receive the coffee must appoint a legal representative to arrange the transport and shipment of the goods for export and meet the remaining requirements defined by the Secretariat of Foreign Trade (Secex) of the Ministry of Development, Industry and Foreign Trade (MDIC).

The third parties will assume all obligations and requirements of this Contract until its final settlement. Additionally, the original buyers and sellers will remain liable for all the obligations of the designated third parties, of any kind, until final settlement of the contract.

The buyer, its replacement or legal representative shall send to B3, through its Broker, the information requested for invoicing by 4:00 p.m. of the second business day of the date of allocation of the Delivery Notice.

The buyer, its replacement or legal representative shall send to B3, through its Broker, the receipt for invoicing the commodity by 9:00 a.m. of the third business day of the date of allocation of the Delivery Notice.

d) Lot formation

The specifications of quality, type, humidity, sieve, color, aspect, and accepted crops are available in the document "ANNEX - Physical Delivery Criteria for Conilon Robusta Coffee" at the B3 website.

e) Cash settlement upon expiration

Upon expiration of the contract, the cash settlement of the buyer's position upon the delivery and receipt of the goods will be made on the third business day

013/2024-VPC

following the date of allocation of the Delivery Notice. B3 will transfer the funds to the seller on the fifth business day following the date of allocation of the Delivery Notice.

The settlement value per contract shall be calculated according to the following formula:

$$VL = \{C + [A_1 - (D_1 + D_2)]\} \times P$$

Where:

VL = settlement value per contract.

C = settlement price of the trading session prior to the date of allocation of the Delivery Notice to the buyer.

A_1 = type premium, if any.

D_1 = time discount, if any, depending on the time elapsed from the date of issuance of the Classification Certificate and the date of allocation of the Delivery Notice.

D_2 = freight discount, if any. B3 periodically publishes freight discounts.

P = total net weight of the lot delivered for settlement of a contract, expressed in kilograms, with two decimal places.

The buyer may request the weighing of the coffee upon receipt. If such weighing differs from what B3 requires for formation and Certification of the lot, the settlement value will be adjusted by the proportion of the verified weight difference. Weighing expenses will be borne by buyer.

013/2024-VPC

The DAs are responsible before the coffee owners for the custody and conservation of the coffee lots deposited in their premises and any events that may affect them. In any event, the coffee owner remains solely and exclusively responsible for the fulfillment of its obligations with B3.

f) Other conditions

Physical delivery shall be effected when the seller issues an invoice to the buyer, according to the legislation in force. If the legislation foresees the application of ICMS, its value must be added to the settlement value for billing purposes. ICMS credit transfers will not be allowed for coffee deliveries where buyer and seller are established in the same State of the Federation, unless the ICMS legislation so requires.

When the seller is a rural producer, according to the legislation in force, the Social Security Contribution will be deducted from the settlement value. The payment of the contribution shall be the responsibility of buyer. The buyer must send proof of such payment to B3.

The payment of PIS and Cofins, when due, will be the responsibility of seller. The values of such taxes will be considered included in the trading price and will not affect the settlement value.

g) Force majeure

In the event of impossibility of settlement by physical delivery arising from changes in legislation or from any other reasons recognized by B3 as force majeure, B3 may, at its discretion, postpone settlement periods and dates and/or determine the cash settlement of the transaction defining the prices for this.

h) Penalties

A delay in submitting B3 the billing data by the buyer, and the invoice by the seller, entails B3 at its discretion and for its benefit applying a fine of no less than 1% per day over the settlement value imposed on the breaching party.

5. Special Provisions

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 following the Extraordinary Holiday, maintaining the parameters in clause 4.e hereto for purposes of settlement calculation. In this situation, the last trading day will be the Business Day immediately before the Extraordinary Holiday.
- ii.** During the Delivery Notice period: the period of delivery notice shall not be extended, except if the Extraordinary Holiday coincides with the seventh Business Day before the last Business Day of the contract month (last day of registration of the Delivery Notice). In this event, last day for registration

013/2024-VPC

of the Delivery Notice will be the Business Day immediately after the Extraordinary Holiday.

- iii. On the penultimate day of supply of the Certificate: the last day of provision of the Certificate will be the Business Day after the Extraordinary Holiday.

b) Other unforeseen situations

In the event of situations not foreseen in this instrument, including, without limitation, those arising from acts emanating from government entities, regulatory authorities or competent bodies, or any other facts, which directly or indirectly impact formation, the manner of calculation, representativeness, disclosure, availability or continuity of the underlying asset or any of the variables of this contract, B3 shall take the measures it deems necessary, at its sole discretion, with a view to the settlement, continuity or extension of the contract on equivalent bases.

6. Manner of payment and receipt of amounts related to cash settlement

Cash settlement of day trades, daily variation margin and upon maturity is conducted as follows.

a) Nonresident investors - Regulated by CMN Resolution 2.687

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

i. Conversion of cash settlement values

013/2024-VPC

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

- a) On the settlement of day trades: on the transaction day.
- b) On daily variation margin settlement: on the date to which the settlement refers.
- c) For cash settlement upon maturity: on the business day before the date of the cash settlement.
- 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 item 1.

ii. Exchange rate variation transfer of foreign exchange contracts

B3 will obtain the Agreed Exchange Rate based on the exchange rate quotation from an exchange institution. Any financial difference between the investor's settlement value determined by the B3 Reference Exchange Rate 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 the multilateral net balance of the investor on the settlement date.

013/2024-VPC

The transfer will be calculated by following formula:

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

Where:

VR_t = value of the daily transfer in dollars on the "t" date.

V_{liqDOLt} = investor's settlement value in dollars on the "t" date.

$Tx_{\text{referencialB3t}}$ = Brazilian Real x U.S. Dollar exchange rate, as defined, on the "t" date.

$Tx_{\text{cambiocontrat}}$ = rate adopted by B3 for foreign exchange transactions ordered by the nonresident investors subject to CMN Resolution 2.687, on the "t" date.

b) Resident and nonresident investors (except for CMN Resolution 2.687)

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

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 disclosed by B3 shall apply to this instrument.