

45. Updated January 28, 2026

Recommended Joint EMTA and ISDA FX and Currency Derivatives Market Practice for Determining Barrier Events in BRL Non-Deliverable Continuously Monitored Barrier Option Transactions

BACKGROUND. In November 2007, EMTA issued its *Recommended FX and Currency Derivatives Market Practice No. 45*, responding to increased activity in the BRL/USD barrier option market and to a need for a consistent market approach to determining whether and when barriers are deemed breached in BRL/ USD non-deliverable option transactions with continuously monitored barrier events. This Market Practice was amended in 2010 and again 2012 to keep apace of developments in Brazil. Further market infrastructure changes in Brazil since 2012,¹ as well as the publication of the May 2022 Barrier Event Supplement to the 1998 FX and Currency Option Definitions,² now make necessary a further update.

RECOMMENDATION. Following consultation with the memberships of EMTA and ISDA, and taking into consideration the substantial changes in market infrastructure and in industry legal architecture as noted above, Recommended Market Practice Number 45 is amended, updated and republished in its entirety by EMTA and ISDA as follows:

EMTA and ISDA now jointly recommend that, unless otherwise agreed by the parties, with respect to any BRL non-deliverable option transaction with continuously monitored barrier events in effect or entered into on or after the date hereof:³

Subject as provided below, on any day that B3 is open for trading during the Barrier Date Determination Period of any such transaction, the spot rate used in the determination of the occurrence of a Barrier Event shall be the implied Brazilian Real/U.S. Dollar exchange rate for a transaction of a commercial size (which shall be not less than USD\$3 million), expressed as an amount of Brazilian Reals per one U.S. Dollar, equal to the Brazilian Real/U.S. Dollar exchange rate for the shortest-dated contract that is not maturing on a Barrier Event Determination Date for Brazilian Real/U.S. Dollar futures traded on B3 minus the last-traded “casado” (and if the last traded “casado” is outside the current bid-offer spread, then the arithmetic mean of the current bid-offer spread).

¹ B3 S.A. became the successor entity to the BM&F following its mergers, in 2008, with BOVESPA and in 2015, with CETIP. In addition, since the previous version of this Market Practice, B3 has updated its trading hours for BRL/USD futures (see https://www.b3.com.br/pt_br/solucoes/plataformas/puma-trading-system/para-participantes-e-traders/horario-de-negociacao/derivativos/cambio-e-dolar-pronto/).

² This Market Practice uses the terminology of the May 2022 Barrier Event Supplement and parties consulting this Market Practice are encouraged to reasonably understand the various provisions and terms found in the 2005 Barrier Option Supplement with similar effect and intent to the extent that any transactions entered into by those parties instead incorporate the 2005 Barrier Option Supplement.

³ Parties to outstanding contracts may need to consider whether amendments to their contracts are needed in order to incorporate the provisions of this Market Practice.

For purposes hereof, “casado” means the amount that is the result of (X) the Brazilian Real/U.S. Dollar exchange rate for the shortest dated contract that is not maturing on such Barrier Event Determination Date for Brazilian Real/U.S. Dollar futures traded on B3 minus (Y) the Brazilian Real/U.S. Dollar spot exchange rate.

All determinations made pursuant to the above shall be made by the Barrier Determination Agent with reference to the rate or rates available during B3’s regularly scheduled trading hours from 9:00 am to 6:30 pm São Paulo time, or such hours as are established from time to time by B3, provided that, for BRL cross currency barrier option transactions, determinations made on Friday only shall be made with reference to the rate or rates available from 9:00 am to the earlier of (i) 5:00 pm New York time and (ii) 6:30 pm São Paulo time, in order to align with the Friday close of the global spot market.

Notwithstanding the foregoing, on the Expiration Date of any BRL/USD barrier option transaction,

- (i) the Continuous Time Period shall end at the Expiration Time, and
- (ii) the Expiration Time shall be the time at which the Spot Rate⁴ is determined.

Further, on the Expiration Date of any BRL cross currency barrier option transaction,

- (i) the Continuous Time Period shall end at the Expiration Time; and
- (ii) the Expiration Time shall be the later of (a) the time of determination or publication (whichever is later) of the Reference Currency Spot Rate and (b) the time of determination or publication (whichever is later) of the Settlement Currency Spot Rate.

In the event that trading in BRL futures contracts is halted or suspended by B3 for any reason, then the spot rate used in the determination of the occurrence of a Barrier Event shall be the Brazilian Real/U.S. Dollar exchange rate for a transaction of a commercial size (which shall not be less than USD\$3 million) expressed as the amount of Brazilian Reais per one U.S. Dollar determined by reference to spot trading on B3.

This Market Practice is a recommendation only, intended to promote transparency, certainty, and market efficiency, and is not binding upon any EMTA or ISDA member. It is not intended as legal, accounting, regulatory, financial or other advice. Notwithstanding this Market Practice, market participants are free to agree on other terms and provisions with their counterparties as they deem appropriate and suitable for their transactions.

Defined terms used herein have the meanings set forth in the 1998 FX and Currency Option Definitions (including Annex A thereto) and in the May 2022 Barrier Event Supplement published by EMTA and ISDA, Inc., each as amended or supplemented from time to time.

⁴ “Spot Rate” as used herein, refers to the BRL PTAX (also, BRL09) rate.