Change to the pricing model for offshore interest rate futures contracts (TIIE de Fondeo, SOFR and ESTR)

Intended for segment participants: Listed.

Summary: See the pricing methodology changes for offshore interest rate futures products.

Seeking to improve the pricing methodology for derivatives contracts, we inform you that as of July 30, 2025, we will change the settlement price calculation model for the following offshore interest rate futures contracts:

- Futures on the Mexican Overnight TIIE Funding Rate (TIIE) - TIE

- Futures on the U.S. Secured Overnight Financing Rate (SOFR) - SFR

- Futures on the Euro Area's Euro Short-Term Rate (ESTR) - EST

The currently effective rules and procedures, which are set out below, will change as described herein. Further details about the methodology are available in B3's Futures Pricing Manual available at this link.

Current procedures

For each offshore interest rates futures contract JUR, the settlement price $PA_{JUR}^{n,t}$ for each contract month n, on the calculation date t, will be determined from its respective settlement rate (rate at % p.a., linear, based on 360 calendar days) $TA_{JUR}^{n,t}$, and its respective term in calendar days DC_n, calculated as follows:

$$PA_{JUR^{n,t}} = \frac{100{,}000}{\left(1 + \frac{TA_{JUR^{n,t}}}{100} \times \frac{DC_n}{360}\right)}$$

Each settlement rate $TA_{JUR^{n,t}}$ will be calculated as described below:

1. The settlement rate will be the average rate of valid transactions registered in the price formation window, validated in accordance with the respective parameters of Table 12 of the Futures Pricing Manual Annex of Monthly Parameters, available at this link.

2. If it is not possible to apply procedure 1, the settlement rate will be the average rate of the orders ascertained by the VWAP Methodology in the price formation window. Validation occurs in accordance with the respective parameters of Table 12 of the Futures Pricing Manual Annex of Monthly Parameters, available at this link. The VWAP Methodology is available in the Futures Pricing Manual > General Provisions > Market Pricing > **item (iv)**.

3. If it is not possible to apply the above procedures, the settlement rate will be determined by the zero-coupon yield curve of the respective interest rate JUR, obtained from the capture in Refinitiv/LSEG (details on the vertices to be captured and used are contained in Annex I of this Circular Letter), captured according to the closing time of the price formation window of the respective contract, according to the respective parameters of Table 12 of the Futures Pricing Manual Annex of Monthly Parameters, available at this link.

Conversion Methodology

The captured information will be converted to the standard of the respective contract (rate in % per linear year, based on 360 calendar days) $TxLin_{JUR^{v,t}}$, as follows:

$$TxLin_{JUR^{v,t}} = \left(\left(\frac{1}{FD_{JUR^{v,t}}}\right)^{PzRef_{JUR}/DC_v} - 1\right) \times \frac{36000}{PzRef_{JUR}}$$

Where:

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$FD_{JUR^{n,t}}$ = Discount Factor captured for the yield curve JUR, for the vertex v, on calculation date t;

DC_v = deadline in calendar days for vertex v, on the calculation date t;

$PzRef_{JUR}$ = reference term for the JUR interest rate swap contracts, standard in the swap market, as in the table below.

Interest rate	(JUR) Futures Codes	Reference term in calendar days ($PzRef$)
TIIE de Fondeo	TIE	28
SOFR	SFR	30
ESTR	EST	30

Definition of the $TA_{JUR^{n,t}}$ rate for contract month n, from the zero-yield curve, will be as follows:

a) If the term in calendar days of the contract month n, for the calculation date t, exists in the capture, the rate will be that of the vertex of the capture v with the corresponding term, converted as follows:

$$TA_{JUR^{n,t}} = TxLin_{JUR^{v,t}}$$

b) If the term in calendar days of the contract month, for the calculation date t, does not exist in the capture, but there are vertices with terms immediately before and after this term, the rate will be obtained by linear interpolation 360, as described in chapter 1.4.11, of the Curves Manual, as of the product launch date.

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c) If the term in calendar days of the contract month, for the calculation date t, does not exist in the capture, but there is only the vertex with the immediately lower term, the rate will be obtained by flat extrapolation (End), as described in chapter 1.4.8, of the Curves Manual.

4. If the calculation date is a business day at B3 that coincides with a public holiday at the place of origin of the interest rate of the respective contract, the above procedures will NOT be used for determining the settlement rate $TA_{JUR^{n,t}}$ and the settlement price $PA_{JUR^{n,t}}$ in question, instead using the following procedure to determine the price $PA_{JUR^{n,t}}$:

$$PA_{JUR^{n,t}} = PA_{JUR^{n,t-1}} \times FC_t$$

Where:

$PA_{JUR^{n,t-1}}$ = settlement price of the respective contract JUR, for the respective contract month n, for the previous transaction date t-1; and

FC_t = correction factor of the settlement price for the respective contract JUR, for the transaction date t, calculated as described in chapter 2 of the draft of the respective contract, available at this link.

The settlement rate $TA_{JUR^{n,t}}$ will be determined by:

$$TA_{JUR^{n,t}} = \left(\frac{100,000}{PA_{JUR^{n,t}}} - 1\right) \times \frac{36,000}{DC_n}$$

Where:

DC_n = term in calendar days for the contract month n, on the calculation date t.

The **price formation window's hours** and the **parameters** for defining settlement by transactions or by orders are available in Table 12 of the Futures Pricing Manual Annex of Monthly Parameters, at this link.

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Changes to the procedure

The current procedures will remain valid, with the exception of procedure 3.

Procedure 3 will <u>change</u> as described below.

3. If it is not possible to apply the above procedures, the settlement rate will be determined by the zero-coupon yield curve of the respective interest rate JUR, obtained from the capture in Refinitiv/LSEG (details on the vertices to be captured and used are contained in Annex I of this Circular Letter), captured according to the closing time of the price formation window of the respective contract, according to the respective parameters of Table 12 of the Futures Pricing Manual Annex of Monthly Parameters, available at <u>this link</u>.

Conversion Methodology

The captured information will be converted to the standard of the respective contract (rate in % per linear year, based on 360 calendar days) $TxLin_{JUR^{v,t}}$, as follows:

$$TxLin_{JUR^{v,t}} = \left(\left(\frac{1}{FD_{JUR^{v,t}}}\right) - 1\right) \times \frac{36000}{DC_v}$$

$FD_{JUR^{n,t}}$ = Discount Factor captured for the yield curve JUR, for the vertex v, on calculation date t;

DC_v = term in calendar days for vertex v, on the calculation date t.

The definition of the $TA_{JUR^{n,t}}$ rate for the contract month n, from the zero-yield curve, is as follows:

a) If the term in calendar days of the contract month n, for the calculation date t, exists in the capture, the rate will that of the vertex of the capture v with the corresponding term, converted as follows:

$$TA_{JUR^{n,t}} = TxLin_{JUR^{v,t}}$$

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b) If the term in calendar days of the contract month, for the calculation date t, does not exist in the capture, but there are vertices with deadlines immediately before and after this term, the rate will be obtained by linear interpolation 360, as described in chapter 1.4.11, of the Curves Manual, as of the product launch date.

c) If the term in calendar days of the contract month, for the calculation date t, does not exist in the capture, but there is only the vertex with the immediately lower term, the rate will be obtained by flat extrapolation (End), as described in chapter 1.4.8, of the Curves Manual.

We reiterate that the wording of the drafts of the Futures on the Mexican Overnight TIIE Funding Rate (TIIE), Futures on the U.S. Secured Overnight Financing Rate (SOFR) and Futures on the Euro Area's Euro Short-Term Rate (ESTR) remains as published on the B3 Interest Rates page.

This Circular Letter revokes Circular Letter 023/2025-VNC, dated July 3, 2025.

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Annex 1 - Capture Vertices for the Yield Curve in Procedure 3

Reuters Instrument Code (RIC) identifiers of the discount factors obtained from LSEG/Refinitiv for calculating the zero-coupon curve for the respective offshore interest rate contracts.

Table 2

TIIE de Fondeo (TIE)	SOFR (SOF)	ESTR (EST)
MXNFDTOISONZ=R	USDSROISONZ=R	EURESTOISONZ=R
MXNFDTOISTNZ=R	USDSROISTNZ=R	EURESTOISTNZ=R
MXNFDTOIS1WZ=R	USDSROIS1WZ=R	EURESTOIS1WZ=R
MXNFDTOIS1MZ=R	USDSROIS1MZ=R	EURESTOIS1MZ=R
MXNFDTOIS2MZ=R	USDSROIS2MZ=R	EURESTOIS2MZ=R
MXNFDTOIS3MZ=R	USDSROIS3MZ=R	EURESTOIS3MZ=R
MXNFDTOIS6MZ=R	USDSROIS6MZ=R	EURESTOIS6MZ=R
MXNFDTOIS9MZ=R	USDSROIS9MZ=R	EURESTOIS9MZ=R
MXNFDTOIS1YZ=R	USDSROIS1YZ=R	EURESTOIS1YZ=R
MXNFDTOIS1Y3MZ=R	USDSROIS1Y3MZ=R	EURESTOIS1Y3MZ=R
MXNFDTOIS1Y6MZ=R	USDSROIS1Y6MZ=R	EURESTOIS1Y6MZ=R
MXNFDTOIS1Y9MZ=R	USDSROIS1Y9MZ=R	EURESTOIS1Y9MZ=R

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TIIE de Fondeo (TIE)	SOFR (SOF)	ESTR (EST)
MXNFDTOIS2YZ=R	USDSROIS2YZ=R	EURESTOIS2YZ=R
MXNFDTOIS2Y3MZ=R	USDSROIS2Y3MZ=R	EURESTOIS2Y3MZ=R
MXNFDTOIS2Y6MZ=R	USDSROIS2Y6MZ=R	EURESTOIS2Y6MZ=R
MXNFDTOIS2Y9MZ=R	USDSROIS2Y9MZ=R	EURESTOIS2Y9MZ=R
MXNFDTOIS3YZ=R	USDSROIS3YZ=R	EURESTOIS3YZ=R
MXNFDTOIS3Y3MZ=R	USDSROIS3Y3MZ=R	EURESTOIS3Y3MZ=R
MXNFDTOIS3Y6MZ=R	USDSROIS3Y6MZ=R	EURESTOIS3Y6MZ=R
MXNFDTOIS3Y9MZ=R	USDSROIS3Y9MZ=R	EURESTOIS3Y9MZ=R
MXNFDTOIS4YZ=R	USDSROIS4YZ=R	EURESTOIS4YZ=R
MXNFDTOIS4Y3MZ=R	USDSROIS4Y3MZ=R	EURESTOIS4Y3MZ=R
MXNFDTOIS4Y6MZ=R	USDSROIS4Y6MZ=R	EURESTOIS4Y6MZ=R
MXNFDTOIS4Y9MZ=R	USDSROIS4Y9MZ=R	EURESTOIS4Y9MZ=R
MXNFDTOIS5YZ=R	USDSROIS5YZ=R	EURESTOIS5YZ=R
MXNFDTOIS5Y3MZ=R	USDSROIS5Y3MZ=R	EURESTOIS5Y3MZ=R
MXNFDTOIS5Y6MZ=R	USDSROIS5Y6MZ=R	EURESTOIS5Y6MZ=R
MXNFDTOIS5Y9MZ=R	USDSROIS5Y9MZ=R	EURESTOIS5Y9MZ=R
MXNFDTOIS6YZ=R	USDSROIS6YZ=R	EURESTOIS6YZ=R

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TIIE de Fondeo (TIE)	SOFR (SOF)	ESTR (EST)
MXNFDTOIS6Y3MZ=R	USDSROIS6Y3MZ=R	EURESTOIS6Y3MZ=R
MXNFDTOIS6Y6MZ=R	USDSROIS6Y6MZ=R	EURESTOIS6Y6MZ=R
MXNFDTOIS6Y9MZ=R	USDSROIS6Y9MZ=R	EURESTOIS6Y9MZ=R
MXNFDTOIS7YZ=R	USDSROIS7YZ=R	EURESTOIS7YZ=R
MXNFDTOIS7Y3MZ=R	USDSROIS7Y3MZ=R	EURESTOIS7Y3MZ=R
MXNFDTOIS7Y6MZ=R	USDSROIS7Y6MZ=R	EURESTOIS7Y6MZ=R
MXNFDTOIS7Y9MZ=R	USDSROIS7Y9MZ=R	EURESTOIS7Y9MZ=R
MXNFDTOIS8YZ=R	USDSROIS8YZ=R	EURESTOIS8YZ=R
MXNFDTOIS8Y3MZ=R	USDSROIS8Y3MZ=R	EURESTOIS8Y3MZ=R
MXNFDTOIS8Y6MZ=R	USDSROIS8Y6MZ=R	EURESTOIS8Y6MZ=R
MXNFDTOIS8Y9MZ=R	USDSROIS8Y9MZ=R	EURESTOIS8Y9MZ=R
MXNFDTOIS9YZ=R	USDSROIS9YZ=R	EURESTOIS9YZ=R
MXNFDTOIS9Y3MZ=R	USDSROIS9Y3MZ=R	EURESTOIS9Y3MZ=R
MXNFDTOIS9Y6MZ=R	USDSROIS9Y6MZ=R	EURESTOIS9Y6MZ=R
MXNFDTOIS9Y9MZ=R	USDSROIS9Y9MZ=R	EURESTOIS9Y9MZ=R
MXNFDTOIS10YZ=R	USDSROIS10YZ=R	EURESTOIS10YZ=R
	USDSROIS11YZ=R	EURESTOIS11YZ=R

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TIIE de Fondeo (TIE)	SOFR (SOF)	ESTR (EST)
	USDSROIS12YZ=R	EURESTOIS12YZ=R
	USDSROIS13YZ=R	EURESTOIS13YZ=R
	USDSROIS14YZ=R	EURESTOIS14YZ=R
	USDSROIS15YZ=R	EURESTOIS15YZ=R

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