

TO: Clearing Member Firms; Back Office Managers

FROM: CME Clearing

ADVISORY #: 25-115

DATE: 3/27/2025

SUBJECT: OTC IRS – Amendments to CME Rulebook 90104.B for BRL IRS

Please be advised that CME has filed with the CFTC to make amendments to Rule 90104.B.2 (“Calculation Days”) and to CME Rule 90104.B.3 (“Brazil Business Day”) of Chapter 901 (“Interest Rate Swaps Contract Terms”) with an effective date of March 27, 2025.

#### Background

On Friday, December 22, 2023, the Brazilian President signed into law a bill to establish a new national holiday to be celebrated on November 20 of each subsequent year. The adoption of the new annual holiday removed one business day per year, which impacted cash flows for BRL-CDI IRS with terms beyond November 20, 2024, as such cash flows are based on local business days,<sup>1</sup> rather than calendar days. The Rule Amendments ensure that the Clearing House can appropriately respond to future holiday declarations or other disruptions to the local business days, and to clarify the definition of a “Brazil Business Day.”

The Rule Amendments will allow CME to respond accordingly to newly announced holidays and adjust the fixed rate of a BRL-CDI IRS in the future should the number of Brazilian business days be altered again. Because the best practice dictates that CME’s approach to valuing cleared BRL-CDI IRS should replicate the onshore market, the Rule Amendments also enable CME to adhere to this best practice and industry expectations.

The Rule Amendments are set forth below:

#### **90104. BRL INTEREST RATE SWAPS CONTRACT TERMS**

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##### **90104.B.2. Calculation Days**

As of the Trade Date, the number of Brazil Business Days from and including the Effective Date to but excluding the Termination Date. Where declaration of an additional market holiday or other governmental action impacts the number of Brazil Business Days, the Clearing House reserves the right to amend the fixed rate of the BRL IRS Contract and to make any other adjustments necessary to maintain the pre-amendment future value (FV) notional amount of the corresponding swap's fixed leg. The pre-amendment present value (PV) notional amount may be impacted minimally due to rounding constraints associated with the amended fixed rate.

##### **90104.B.3. Brazil Business Day**

<sup>1</sup> CME Rule 90102 90104.B.3. will be updated pursuant to this filing to reflect the current ISDA definition of a Brazil Business Day (i.e., a Business Day in any of São Paulo, Rio de Janeiro or Brasilia that is not a financial market holiday in accordance with the holiday calendar of the B3 - Brasil Bolsa Balcão S.A. exchange in respect of the BM&F BOVESPA Segment).



Whenever 'Brazil' is specified as a place for the purposes of the Business Day definition, a day will be a Business Day if it is a Business Day in any of São Paulo, Rio de Janeiro or Brasilia and is not a financial market holiday in accordance with the holiday calendar of the B3 - Brasil Bolsa Balcão S.A. exchange in respect of the BM&F BOVESPA Segment.

Full text of CFTC filing 25-090 can be found here:

<https://www.cmegroup.com/market-regulation/rule-filings.html>.

For questions, please contact the CME Client Services Team at [onboarding.clearing@cmegroup.com](mailto:onboarding.clearing@cmegroup.com) or +1 312 338 7112.

Regards,

CME Clearing