



Accessing Brazil: Managing Risks, Capturing Opportunities

BRL/USD FUTURES AND OPTIONS | USD DENOMINATED IBOVESPA FUTURES

Brazil has been attracting the attention of global investors for the past decade. The significantly growing middle class presents an interesting opportunity as this group demands increased and expanded goods and services. As well, Brazil is a resource rich country boasting the most exports of soybeans, coffee and sugar, along with the most freshwater of any country in the world.

Interest in Brazil has created a need for efficient ways to capitalize on local opportunities and manage exposure.

Three contracts from CME offer access to Brazil's stock and currency markets with multiple benefits – **USD Denominated Ibovespa futures** and **BRL/USD futures and options on futures**:

- U.S. dollar-based trading and settlement
- Ability to maintain positions in the U.S. to achieve favorable tax treatment
- Use of existing futures account and clearing relationships to CME
- Flexible execution choice
- One marketplace to access opportunities across multiple asset classes

BRAZIL SNAPSHOT

One of the five
BRICS countries

5TH LARGEST country in
world (by population and
geographical area)

LARGEST ECONOMY
in Latin America

Host for the 2014
WORLD CUP and 2016
SUMMER OLYMPICS

BRL/USD Futures and Options on Futures

- Hedge risks associated with currency rate fluctuations
- Trade on relative value changes in the U.S. dollar vs. Brazilian real
- Leverage margin efficiencies with CME's highly liquid major FX crosses
- Trade possible arbitrage between onshore and offshore rate curves
- Flexible execution methods: Electronically through CME Globex; on the floor; through privately negotiated block trades and Exchange for Physical (EFP) transactions
- Dedicated market makers, including recently added in-region market maker for futures and options, Itaú

USD Denominated Ibovespa Futures

- Get exposure to Brazil's benchmark equity index, Ibovespa, with a single trade
- Capitalize on spreading opportunities with S&P 500 futures and other CME/CBOT stock index products
- Flexible execution methods: Electronically through CME Globex; privately negotiated block trades (minimum 50 contracts) and EFP transactions
- Dedicated market makers providing two-sided markets

BRL/USD Futures and Options

IN-REGION MARKET MAKER FOR BRL/USD FUTURES AND OPTIONS



Itaú is currently a market maker for the BRL/USD futures contract listed on CME and is also committed to posting prices on request for the BRL/USD options contract.

The bank has extensive experience on the USD/BRL market and is one of the biggest players in it, given its strong position in Brazil and in Latin America.

Itaú is deeply committed to increasing the liquidity of those products and to providing competitive prices to clients looking to trade BRL/USD.

We strongly believe that the partnership between Itaú and CME will be a long and productive one that will bring innumerable benefits for the market.

BRL/USD	Futures		Options	
Contract Size	100,000 Brazilian reais		One futures contract for 100,000 Brazilian reais	
Contract Month Listings	Consecutive contract month listings (Jan., Feb., Mar., Apr., May, etc.) for a total maturity range out 10 years		Twelve consecutive contract months, 4 weekly	
Daily Settlement Procedure	To reduce basis risk between the CME Brazilian real/U.S. dollar futures & options and the BM&FBOVESPA U.S. dollar/Brazilian real futures & options contracts, CME Settlements Team will determine the daily settlement prices at 4:00 p.m. Sao Paulo time each day. ¹			
Settlement Type	Cash-settled		Option on cash-settled futures contract	
Position Limits	24,000 futures-equivalent contracts in a single month; 40,000 futures-equivalent contracts in all months combined**			
Ticker Symbol	CME Globex: 6L AON Code: LZ		Monthly options: BR Weekly options: 1R-5R AON Code: LZK	
Minimum Price Fluctuation (Tick)	\$0.00005 per Brazilian real increments (\$5.00/contract)			
Trading Hours	CME Globex (ETH)	Sundays: 5:00 p.m. – 4:00 p.m. Central Time (CT) next day. Monday – Friday: 5:00 p.m. – 4:00 p.m. CT the next day, except on Friday - closes at 4:00 p.m. and reopens Sunday at 5:00 p.m. CT.		
	CME ClearPort	Sunday – Friday 6:00 p.m. – 5:15 p.m. (5:00 p.m. – 4:15 p.m. Chicago Time/CT) with a 45-minute break each day beginning at 5:15 p.m. (4:15 p.m. CT)		
	—	Open Outcry (RTH)	Monday – Friday: 7:20 a.m. – 2:00 p.m. CT	
Last Trade Date/Time	On the last business day of the month, at 9:15 a.m. CT, immediately preceding the contract month, on which the Central Bank of Brazil is scheduled to publish its final end-of-month (EOM), “Commercial exchange rate for Brazilian reais per U.S. dollar for cash delivery” (PTAX rate).		Monthly options: On the last business day of the month, at 9:15 a.m. CT, immediately preceding the contract month, on which the Central Bank of Brazil is scheduled to publish its final end-of-month (EOM), “Commercial exchange rate for Brazilian reais per U.S. dollar for cash delivery” (PTAX rate). Weekly options: Close of trading is on the four nearest Fridays that are not also terminations for monthly options. Same time as determination of daily settlement prices. ¹	
Block Trade Eligibility	Yes. For more information, visit cmegroup.com/blocks			
Block Trade Minimum	50 contracts for both futures and options			
EFRP Eligibility	Yes. For more information, visit cmegroup.com/efp			

*These contracts are subject to the rules and regulations of CME.

**Position Limits: Size of position may not exceed the indicated numbers of contract, i.e., a finite limit.

¹ Please note that daily settlement prices will be determined at 4:00 p.m. Sao Paulo time, which is either 2:00 p.m. or 1:00 p.m. or 12:00 noon Central Time depending upon relative implementation dates of Daylight Saving Time in both the U.S. and Brazil. CME publishes an annual schedule of the times for daily CME Brazilian real/U.S. dollar futures settlement prices. View times for daily BRL/USD futures settlement prices at www.cmegroup.com/trading/fx/files/BRL-USD-Illustration-of-Daily-Closing.pdf

USD-Denominated Ibovespa Futures

Contract Size	USD \$1 x Ibovespa
Contract Months	Four bi-monthly contracts (February, April, June, August, October, December cycle).
Final Settlement	Cash Settlement in USD based on the final settlement price of the Ibovespa futures at BM&F (in Brazil) with the identical contract month. On the expiration date, the Ibovespa futures settlement price shall be the Ibovespa settlement index (the arithmetic average of the Bovespa Index values published by BM&F every 30 seconds in the last three hours of BM&F BOVESPA spot market trading, up to and including the closing call).
Final Settlement Date	First business day after the final trading date
Position Limit	3,500 contracts in all months combined
CME Tickers	Clearing = IBV, Ticker = IBV
Vendor Tickers	Bloomberg: Ticker = IBAA Index; CQG Ticker = BIBV; Esignal: Ticker = IBV
Minimum Price Fluctuation (Tick)	Outrights: 25 index points (= USD \$25.00) Calendar Spreads: 5 index points (= USD \$5.00)
Trading Hours CME Globex (Electronic Platform)	Variable Start Time = 15 minutes after Ibovespa futures contract opens at BM&F — adjusted for changes in both U.S. and Brazil Daylight Savings Time: 7:15 a.m. CT (Monday, March 10, 2014 until Friday, October 17, 2014) 6:15 a.m. CT (Monday, October 19, 2014 until Friday, October 31, 2014) 5:15 a.m. CT (Monday, November 2, 2014 until Friday, February 20, 2015) Closing Time: Mon – Fri: 4:00 p.m. CT
Termination of Trading Time for Expiring Contract	On the futures contract's Final Trading Date, regular trading will cease at 5:00 p.m. (Sao Paulo time) for the expiring contract.
Final Trading Date	Same as the BM&FBOVESPA's Ibovespa Futures of the same contract month – Wednesday closest to the 15th calendar day of the contract month. If it is a non-trading day at BM&FBOVESPA, the last trading day for the expiring futures contract shall be the next BM&FBOVESPA trading day.
Futures Price Limits	10% daily price limit above and below the prior trading day's settlement price of the Ibovespa futures at BVMF. No price limits on the expiring contract during the last three trading days prior to expiration. The Exchange may alter the price fluctuation limit applicable to any contract month at any time, even during a trading session, by communicating this to the market with a 30-minute advance notice.
Block-Trade Eligible?	Yes – Minimum Threshold of 50 Contracts
EFRP Eligibility	Yes. For more information, visit cmegroup.com/efp
Index Construction	The Bovespa Index is a total return index weighted by free-float market value, and is comprised of the most traded and most representative securities on Brazil's stock market.

For more information on these opportunities, contact:

NEW YORK

Giovanni Vicioso

Sr. Director, Equity Index Products
giovanni.vicioso@cmegroup.com
+1 212 299 2163

CHICAGO

Craig LeVeille

Exec. Director, FX Products
craig.levaille@cmegroup.com
+1 312 454 5301



CME GROUP HEADQUARTERS

20 South Wacker Drive
Chicago, Illinois 60606
cmegroup.com

CME GROUP GLOBAL OFFICES

Chicago
+1 312 930 1000

Singapore
+65 6593 5555

Houston
+1 713 658 9292

Tokyo
+81 3 3242 6233

New York
+1 212 299 2000

Calgary
+1 403 444 6876

São Paulo
+55 11 2565 5999

Washington D.C.
+1 202 638 3838

London
+44 20 3379 3700

Hong Kong
+852 2582 2200

Seoul
+82 2 6336 6722

USD Denominated Ibovespa futures and BRL/USD futures and options are listed with, and subject to, the rules and regulations of CME.

Futures trading is not suitable for all investors, and involves the risk of loss. Futures are a leveraged investment, and because only a percentage of a contract's value is required to trade, it is possible to lose more than the amount of money deposited for a futures position. Therefore, traders should only use funds that they can afford to lose without affecting their lifestyles. And only a portion of those funds should be devoted to any one trade because they cannot expect to profit on every trade. All examples in this brochure are hypothetical situations, used for explanation purposes only, and should not be considered investment advice or the results of actual market experience.

All references to options refer to options on futures.

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