

Mexican Funding TIE Futures (Monthly Contracts):

CONTRACT SPECIFICATIONS AND SETTLEMENT CALCULATION METHODOLOGY

MEXICAN FUNDING TIE FUTURES (MONTHLY CONTRACTS) SPECIFICATIONS*	
REFERENCE RATE	Overnight TIE Funding Rate as published by Banco de Mexico (F-TIE), compounded daily over monthly reference period.
PRICING METHODOLOGY	100-yield
NUMBER OF CONTRACT LISTINGS	25
LISTING DATES	Monthly: First day of each month
CONTRACT NOTIONAL CURRENCY	Mexican peso
APPROXIMATE CONTRACT SIZE (CONTRACT IS TECHNICALLY DEFINED BY ITS IMM INDEX)	23-25 million Mexican pesos
VALUE OF 1 BP	200 Mexican pesos
IMM INDEX VALUE	20,000 Mexican pesos
VARIATION MARGIN CURRENCY	Mexican peso
FEE CURRENCY	USD
MINIMUM PRICE INCREMENT	1 basis point
DELIVERY MONTHS	Nearest 25 calendar months
TERMINATION OF TRADING	Last good business day of the month
DELIVERY	Cash settlement in Mexican peso, by reference to Final Settlement Price, on day following Last Day of Trading
FINAL SETTLEMENT PRICE	Contract-grade IMM index evaluated on the basis of realized, compounded F-TIE values during the monthly contract reference period, where every calendar day is assigned a rate. Business days are assigned the F-TIE rate published at 5:00 pm on that day and non-business days are assigned the F-TIE rate published on the previous good business day.
TRADING HOURS	CME Globex
BLOCK THRESHOLD	10 contracts
ELECTRONIC EXECUTION METHODS	Central limit order book Block RFQ Packs and bundles
CME GLOBEX ALGORITHM	Allocation – A algorithm
PRODUCT CODE	TIE

* subject to regulatory review

FINAL SETTLEMENT CALCULATION OF CME FUNDING-TIIE FUTURES (MONTHLY CONTRACTS)

The final settlement price for expiring Mexican Funding TIIE futures (monthly contracts) is 100 minus the overnight TIIE funding (F-TIIE) benchmark rate, compounded every day over the contract's monthly reference period. The Monthly Reference Period for Mexican Funding TIIE futures (monthly contracts) is the interval from the first day of the delivery month to, but not including the first day of the following month.

The overnight TIIE funding rate (F-TIIE) is published daily by the Bank of Mexico at approximately 5 p.m. (Mexico City time) and is based on transactions on the day of publication relating to repo activity from the publish day to the immediate next business day. An F-TIIE rate is assigned to every day in the contract month. Weekends and holidays are assigned the prevailing rate from the last preceding day for which a rate was published. For example, the rate applied on Saturday, April 8 and Sunday, April 9 is the rate published for Friday, April 7. Note that where the first day of the month is a weekend or holiday the previous good publication will be from the prior month.

Exhibit 1 presents a sample calculation of the final settlement for the hypothetical January 2021 Mexican Funding TIIE futures contract. Rates in red indicate that these have been assigned from the previous good publication date, for example the rate from Friday, January 8 of 4.23% is assigned to both Saturday, January 9 and Sunday, January 10. Also note that the rate for Friday, January 1, Saturday, January 2 and Sunday, January 3 is assigned from Thursday, December 31, 2020.

PERIOD START DATE (ALL PERIODS ARE ONE DAY)	F-TIIE OVERNIGHT BENCHMARK RATE %	COMPOUNDING TERM	DAILY INTEREST ACCUMULATION FACTOR
Friday-01-Jan-21	4.38	1.000122	1.000122
Saturday-02-Jan-21	4.38	1.000122	1.000243
Sunday-03-Jan-21	4.38	1.000122	1.000365
Monday-04-Jan-21	4.30	1.000119	1.000485
Tuesday-05-Jan-21	4.29	1.000119	1.000604
Wednesday-06-Jan-21	4.23	1.000118	1.000721
Thursday-07-Jan-21	4.21	1.000117	1.000838
Friday-08-Jan-21	4.23	1.000118	1.000956
Saturday-09-Jan-21	4.23	1.000118	1.001074
Sunday-10-Jan-21	4.23	1.000118	1.001191
Monday-11-Jan-21	4.22	1.000117	1.001309
Tuesday-12-Jan-21	4.25	1.000118	1.001427
Wednesday-13-Jan-21	4.32	1.000120	1.001547
Thursday-14-Jan-21	4.28	1.000119	1.001666
Friday-15-Jan-21	4.29	1.000119	1.001785
Saturday-16-Jan-21	4.29	1.000119	1.001905
Sunday-17-Jan-21	4.29	1.000119	1.002024
Monday-18-Jan-21	4.25	1.000118	1.002142
Tuesday-19-Jan-21	4.25	1.000118	1.002261
Wednesday-20-Jan-21	4.33	1.000120	1.002381
Thursday-21-Jan-21	4.30	1.000119	1.002501
Friday-22-Jan-21	4.32	1.000120	1.002621
Saturday-23-Jan-21	4.32	1.000120	1.002742
Sunday-24-Jan-21	4.32	1.000120	1.002862
Monday-25-Jan-21	4.40	1.000122	1.002985
Tuesday-26-Jan-21	4.46	1.000124	1.003109
Wednesday-27-Jan-21	4.38	1.000122	1.003231
Thursday-28-Jan-21	4.35	1.000121	1.003352
Friday-29-Jan-21	4.39	1.000122	1.003474
Saturday-30-Jan-21	4.39	1.000122	1.003597
Sunday-31-Jan-21	4.39	1.000122	1.003719
Total number of days in month	31.00	Remove principal (-1)	0.003719177
		Annualize (multiply by 360/[31]days in month)	0.043190439
		Rounded to 4 d.p in %	4.3190
		Contract settle price	95.6810

The final settlement price of CME F-TIIE monthly futures will be calculated by the Exchange based on the contract specifications detailed above. We will compute an expiring contract's final settlement price on the morning after the contract's last trading day, when the overnight F-TIIE financing rate for the last day of the contract's monthly reference period has become available. The below set of definitions make this more precise:

FINAL SETTLEMENT PRICE = 100 - R	
R	$\left(\left[\prod_i^D \{1 + (1/360) * (r_i / 100)\} \right] - 1 \right) \times (360/D) \times 100$
i	Running variable indexing calendar days during the monthly reference period
Π_i	Capital pi (Π) indicates the terms of the series should be compounded. It is the product of values indexed by the running variable, $i = 1, 2, \dots, n$.
r_i	F-TIIE value for ith day
d_i	Number of calendar days to which r_i applies
D	$\sum_i d_i$ (ie, number of calendar days in monthly reference period)

The final settlement price is computed so that the value of R is rounded to the nearest 1/10,000 of a percentage point (ie, the nearest 1/100 of one basis point, or 0.0001 percent per annum). In the case of a tie (a rate that ends with 0.00005 in percent per annum terms) the value of R will be rounded up.

Daily settlement

Daily settlement of Mexican Funding TIIE futures (monthly contracts) is based on independently sourced market data representing the F-TIIE yield curve. Such data is used to create a projection curve for F-TIIE spanning the full set of contract expiries. Daily settlement prices are calculated from these projections based upon the contract's final settlement specifications. The nearest contract will also consider known, historical F-TIIE benchmark rates in determining the daily settlement price.

Settlement will generally be posted at or before 3 p.m. CT based upon data representing the market at 2 p.m.

Holiday calendars

The F-TIIE benchmark is published on every business day that is not a weekend or holiday according to the exhaustive list of MXN holidays provided by the Central Bank of Mexico [here](#).

Execution methods

CME Globex central limit order book (CLOB)

CME Globex is the premier electronic trading system providing global connectivity to the broadest array of futures and options across all asset classes. CME Group technology facilitates electronic trading, providing users across the globe with virtually 24-hour access to global markets. CME Globex is an open access marketplace that allows you to directly enter your own trades and participate in the trading process, including viewing the book of orders and real-time price data. To access CME Globex, customers must have a CME Group clearing firm relationship, CME Group-certified trading application and connectivity to CME Globex. Globex hosts the CME central limit order book. Participants can view bids and offers submitted by others and participate directly with those orders to facilitate their own trading needs. Users are able to see price and sizes of orders on the bid and ask of the market in real time.

Blocks

A block trade is a privately negotiated trade with an eligible counterparty. Block trades have minimum sizes that must be met. They can be negotiated either bilaterally between end users or with the assistance of intermediating execution brokers. These trades are not part of the central limit order book though their existence and details are reported via the same data channels as the CLOB. Block trades are subject to specific requirements as outlined in [Rule 526](#) and the associated Market Regulation Advisory Notice.

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DRFQ

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Packs and bundles

A pack or bundle is not a distinct product; rather it is an intra-market combination strategy where multiple consecutive contracts, known as legs, are transacted by a single order. MXN Funding TIE futures packs consist of three consecutive months spanning a quarter of a year. Bundles are 12 consecutive months spanning a whole year. Both are traded based on the average price of all contracts in the strategy. The CME Group match engine will assign prices that are equivalent to the average price of the transacted strategy while remaining as close as possible to the last traded or observed price of each leg.

Execution tools

CME Direct

CME Direct is our one-stop trading front-end, offering seamless access to CME Group futures, options, and OTC markets side-by-side on a single screen. A fast, secure, and highly configurable trading front end, CME Direct offers powerful CLOB trading, RFQ, and block negotiation/reporting workflows across all CME Group products. The software is offered free of charge to institutional market participants, with real-time market data fee-waivers also available.

CME Direct: cmegroup.com/trading/cme-direct.html

Register here: cmegroup.com/trading/cme-direct/registration.html

Contact us: PlatformSolutions@cmegroup.com

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