

TO: Clearing Member Firms; Back Office Managers

FROM: CME Clearing

ADVISORY #: 23-380

DATE: 12/26/2023

SUBJECT: BRL-CDI IRS - November 20 holiday calendar and fixed rate changes

On December 22, 2023, the Brazilian President [signed](#) into [law](#) a bill creating Black Awareness Day, a new holiday to be celebrated throughout the country on November 20, 2024, and going forward. CME Group engaged market participants in determining the optimal approach for the Brazilian Real CDI interest rate swaps ([BRL-CDI IRS](#)). The calculations for BRL IRS cash flows are based on Brazilian business days. The removal of a Brazilian business day due to the new holiday therefore has an impact on the swap's cash flows.

The approach, which is summarized below, offers three (3) key benefits:

1. Provides consistency with the onshore (B3) market to facilitate hedging
2. Facilitate offsets between legacy and new swaps
3. Enables simple adjustment of legacy cleared swaps

Summary of Approach:

CME shall adjust all legacy cleared BRL-CDI IRS transactions to account for Black Consciousness Day by updating the: (a) holiday calendar; and (b) fixed rate of the BRL-CDI IRS to contemplate the new holiday.

CME will keep all the economics of legacy BRL trades the same except for the fixed rate, which will be adjusted to account for any additional holidays occurring during the swap term. The updated fixed rate is calculated with the updated calendar to account for all future November 20 "Black Awareness Day" holidays. The fixed rate will be updated to a precision level of 7 decimals when expressed as a percentage (i.e., 11.1234567%). Given the rounding constraints associated with calculating the new fixed rate, there will be a minimal adjustment made to the present-value notional of the BRL IRS to keep the future-value notional of the swaps unchanged.

Please note, CME shall adjust the fixed rate and the BRL-CDI IRS calendar for any new trades that come into clearing, effective today. For the avoidance of doubt, any legacy CME cleared BRL CDI swaps that currently recognize November 20th (from 2024 onwards) as a business day will be in scope for this adjustment. There will be no adjustments made for historical business days (i.e., November 20, 2023) in the accrual calculations.

For questions or comments please contact the CME Client Services team at Onboarding_Clearing@cmegroup.com or 312.338.7112

Regards,

CME Clearing