

100. May 30, 2024

Recommended FX and Currency Derivatives Market Practice on the ARS MAE Rate

Reference is made to the May 21, 2024, Notice of the Mercado Abierto Electrónico (MAE)¹ regarding its plans, effective June 3, 2024, to transition to a T+1 settlement cycle to align with the initiatives of Banco Central de República Argentina (BCRA)² and global financial markets.

Specifically (and among other adjustments implemented by the MAE), from June 3, 2024 the ARS MAE (ARS05) rate will be calculated using a T+1 convention instead of a T+0 convention. Aside from the change to a T+1 settlement cycle from a T+0 environment, the MAE plans no changes to the methodology underlying the calculation and publication of the rate. As a consequence, there is anticipated to be no significant resulting commercial impact.

To reflect the change, Annex A to the *1998 FX and Currency Option Definitions* (“the FX Definitions”) will be amended to update the ARS MAE (ARS05) rate source definition therein by replacing the words “*for settlement on that same day*” with “*for settlement in one Business Day*” as soon as practicable.

In connection therewith, and to reduce operational issues, EMTA recommends that, from and after June 3, 2024, market participants observe the ARS MAE rate with reference to the updated methodology for a T+1 settlement for both current and legacy NDF and NDO ARS contracts, understanding that Annex A will be amended as soon as practicable, and such amendment be understood and agreed to apply to current and legacy contracts.

No changes will be made to the *EMTA Template Terms for ARS/USD FX Non-Deliverable FX Forward and Currency Option Transactions* as the reference therein to settlement in two Business Days will be maintained in accordance with the historical and current industry consensus on terms for ARS non-deliverable FX forward and currency option transactions.

This Market Practice is a recommendation only, intended to promote and enhance market efficiency, and is not binding upon any EMTA Member. Notwithstanding this Market Practice, EMTA Members and other market participants are free to agree on other terms

¹ <https://www.emta.org/new-developments/fx-and-currency-derivatives-new-developments/>

² <https://www.bcra.gob.ar/Noticias/cambio-plazo-liquidacion-operaciones-cambiaras-i.asp>

and provisions with their counterparties as they deem appropriate and suitable for their transactions.

Defined terms used herein have the meanings set forth in the FX Definitions (including Annex A thereto) published by EMTA and ISDA, Inc., as amended or supplemented from time to time.

For more information on this Market Practice, please see EMTA's website (www.emta.org) or contact Leslie Payton Jacobs (lpjacobs@emta.org).