ONE-DAY INTERBANK DEPOSIT FUTURES CONTRACT (DI1)

- Specifications -

1. Definitions

- DI1 Futures Contract: will be used as the shortened name for the purposes of this contract, with the full name being the One-Day Interbank Deposit Futures Contract (DI1).
- Business day: a day on which there is a trading session at BM&FBOVESPA shall be considered a business day, for the purposes of this contract, of cash settlement and of meeting margin calls.
- AverageOne-dayInterbankAverageOne-dayInterbankDepositRate (ID),Deposit Rate (ID):calculated by CETIP Custody and Settlement
and expressed as a percentage rate per annum
compounded daily based on a 252-day year.
- Unit price (PU): the value, in points, corresponding to 100,000, discounted by the interest rate defined in item 2.
- Settlement price (PA): the closing price, for the purpose of updating the value of open positions and calculating the variation margin and the settlement value of day trades, daily calculated and/or arbitrated by BM&FBOVESPA, at its sole discretion, for each authorized contract month, and expressed in PU.
- Reserve day: a business day for the purposes of financial market transactions, as established by the

National Monetary Council.

BM&FBOVESPA:BM&FBOVESPA S.A. – Bolsa de Valores,
Mercadorias e Futuros.

BCB:

Central Bank of Brazil

2. Underlying asset

The interest rate compounded until the contract's expiration date, for this purpose defined as the capitalized daily ID rates verified in the period between the trade date and the last trading day.

3. Price quotation

Price quotations shall be expressed as a percentage rate per annum compounded daily based on a 252-day year, to three decimal places.

4. Tick size

0.001 of an interest rate point from the 1^{st} to the 3^{rd} contract month; 0.005 of an interest rate point from the 4^{th} to the 12^{th} contract month; and 0.01 of an interest rate point for the other contract months.

5. Contract size

Unit price (PU) times the Brazilian Real (R\$) value of each point, with BRL 1.00 being the value of each point.

6. Contract months

All months.

7. Expiration date

The first business day of the contract month.

8. Last trading day

The business day preceding the expiration date.

9. Day trade

Buying and selling in the same trading session of the same number of contracts for the same month shall be offset provided these transactions are executed on behalf of the same customer through the same participant under the responsibility of the same clearing member. These transactions shall be cash settled on the following business day, and their amounts shall be calculated in accordance with item 10.2.

10. Daily settlement of accounts (variation margin)

For the purpose of calculating the variation margin value, the following criteria shall apply:

10.1. Offsetting positions

Long and short positions originally traded in rate shall be transformed into short and long positions, respectively, in PU.

10.2. Variation margin calculation

After being transformed into long and short positions in PU, the positions outstanding at the end of each session shall be settled according to the day's settlement price, as determined by BM&FBOVESPA rules and regulations, and cash settled (payment of debits and receipt of credits) on the following business day (T+1).

Variation margin shall be calculated up to the expiration date in accordance with the following formulas:

10.2.1. For the positions initiated on the day

$$AD_t = (PA_t - PO) \times M \times N$$

10.2.2. For the positions outstanding on the previous day

$$AD_t = [PA_t - (PA_{t-1} \times FC_t)] \times M \times N$$

where:

- AD_t = the daily settlement value, in Brazilian Reals, corresponding to day "t;"
- PA_t = the contract settlement price on day "t," for the respective contract month;
- P0 = the trading price in PU, calculated as follows, after a transaction is carried out:

$$PO = \frac{100,000}{\left(1 + \frac{i}{100}\right)^{n/252}}$$

where:

i = the traded interest rate;

- n = the number of reserve days verified between the trade
 date and the day preceding the expiration date;
- M = the Brazilian Real value of each unit price point, as established by BM&FBOVESPA;
- N = the number of contracts;
- PA_{t-1} = the settlement price on day "t-1," for the corresponding contract month;
- FC_t = the correction factor on day "t," defined by the following formulas:
- i. when there is one reserve day between the last trading session and the day of the settlement of accounts:

$$FC_{t} = \left(1 + \frac{DI_{t-1}}{100}\right)^{\frac{1}{252}}$$

ii. when there is more than one reserve day between the last trading session and the day of the settlement of accounts:

$$FC = \prod_{j=1}^{n} \left(1 + \frac{DI_{t-j}}{100} \right)^{\frac{1}{252}}$$

where:

 DI_{t-1} = the ID rate, corresponding to the business day preceding the day to which the settlement of accounts refers, to six decimal places. Should there be more than one ID rate disclosed for the interval between two consecutive sessions, said rate shall represent the accumulation of all the rates disclosed.

On the expiration date, the settlement price shall be 100,000.

Should, on a certain day, the ID rate refer to a period (number of days) distinct from that to be considered in the indexation of the day's settlement price, BM&FBOVESPA, at its sole discretion, may arbitrate a rate for that specific day.

The daily settlement value (AD_t), if positive, shall be credited to the PU buyer (the original rate seller) and debited from the PU seller (the original rate buyer); if negative, it shall be debited from the PU buyer and credited to the PU seller. Cash settlement shall occur on the following business day.

11. Settlement conditions on expiration

On the expiration date, the positions outstanding after the last settlement price shall be cash settled by BM&FBOVESPA by means of the registration of an offsetting transaction (long or short) on the same number of contracts, the price of which (unit price) shall be 100,000 points.

Cash settlement shall be made on the business day following the expiration date.

12. Special provisions

Should there for any reason be a delay to disclosure or should there be no disclosure of the ID rate defined in item 1, for one or more days, BM&FBOVESPA may, at its sole discretion:

- a) postpone the contract settlement, up until an official disclosure;
- b) cash settle open positions by the last available settlement price; or
- **c)** use as a settlement price a price arbitrated by itself, if at its sole discretion it judges the last settlement price not to be representative;

In any case, BM&FBOVESPA may also also index the settlement price by arbitrating an opportunity cost from the expiration date to the effective cash settlement date. Regardless of the situations described above, BM&FBOVESPA may, at its sole discretion, arbitrate a price to settle the contract at any time, should there be any event that it considers prejudicial to good price formation and/or continuation of the contract.

13. Further regulations

- **13.1** This contract shall be subject, where applicable, to the prevailing legislation and to BM&FBOVESPA rules, regulations and procedures, as defined in its Bylaws, Operating Rules and Circular Letters, as well as to the specific rules set forth by the Brazilian governmental authorities that may affect the terms stated herein.
- **13.2** Should there be any situations not covered by this contract, as well as governmental measures or any other facts that affect the formation, calculation or publication of its variables, or even result in their discontinuity, BM&FBOVESPA may, at its sole discretion, take the measures it deems necessary for the contract's cash settlement or continuity on an equivalent basis