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OFFICE OF THE SECRETARIAT

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December 9, 2010

Mr. David Stawick  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, DC 20581

**RE: Section 5c(c)(1), Rule 40.6(a) – Exchange Certification for Amended Backup Settlement Price Procedures for the Brazilian Real Futures Contract, and Notice of the Listing of Four Additional Years of March Quarterly Cycle Brazilian Real Futures Contracts.  
CME Submission 10-373**

Dear Mr. Stawick:

Chicago Mercantile Exchange Inc. ("CME" or "Exchange") hereby notifies the Commodity Futures Trading Commission that effective on Sunday, January 9, 2011, for the trade date of Monday, January 10, 2011, sixteen (16) additional Brazilian real futures contract months in the March, June, September and December quarterly cycle will be listed for trading on CME Globex® so that a total of 20 March quarterly cycle months will always be listed (*i.e.*, March cycle maturities out five years in addition to the current 12 consecutive contract month listings, which include the nearby 4 March cycle months). The exchange is responding to customer interest in trading more deferred contract months in the Brazilian real futures. Brazilian real options on futures contract listings will be unchanged.

Also, in order to minimize basis risk for market participants hedging OTC non-deliverable forward ("NDF") U.S. dollar / Brazilian real transactions with CME Brazilian real futures contracts, CME certifies the adoption of the EMTA OTC NDF backup procedures for the CME Brazilian real futures contracts, in the event the cash settlement rate source of the Central Bank of Brazil BRL PTAX rate is unavailable. Currently, CME utilizes the EMTA OTC NDF backup procedures for the Russian ruble, Chinese renminbi and Korean won futures contracts. The new EMTA backup procedures also will be effective on Sunday, January 9, 2011, for all existing and newly listed contract months. The current CME backup procedure that will be discontinued provided for CME Clearing to do a backup final settlement price survey of foreign exchange market participants in the event of the unavailability of the normal cash settlement rate source, the Central Bank of Brazil BRL PTAX rate.

**More March Cycle Contract Month Listings:** The following table illustrates the current and new CME Brazilian real futures listed months effective as of the implementation date of Sunday, January 9, 2011 (assumes the January 2011 contract month has terminated as of the end of December 2010). March cycle months for years 2 through 5 will be added for trading on CME Globex on Sunday, January 9, 2011.

EXPANDED BRAZILIAN REAL FUTURES CONTRACT MONTH LISTINGS				
	#	Contract Month (Mon. Yr.)	Ticker Symbol	Termination of Trading Date
Current Monthly Listings	1	Feb 2011	6LG1	1/31/2011
	2	Mar 2011	6LH1	2/28/2011
	3	Apr 2011	6LJ1	3/31/2011
	4	May 2011	6LK1	4/29/2011
	5	Jun 2011	6LM1	5/31/2011
	6	Jul 2011	6LN1	6/30/2011
	7	Aug 2011	6LQ1	7/29/2011
	8	Sep 2011	6LU1	8/31/2011
	9	Oct 2011	6LV1	9/20/2011
	10	Nov 2011	6LX1	10/31/2011
	11	Dec 2011	6LZ1	11/30/2011
	12	Jan 2012	6LF2	12/30/2011
New Listings as of 1/9/11	13	Mar 2012	6LH2	2/29/2012
	14	Jun 2012	6LM2	5/31/2012
	15	Sep 2012	6LU2	8/31/2012
	16	Dec 2012	6LZ2	11/30/2012
	17	Mar 2013	6LH3	2/28/2013
	18	Jun 2013	6LM3	5/31/2013
	19	Sep 2013	6LU3	8/30/2013
	20	Dec 2013	6LZ3	11/29/2013
	21	Mar 2014	6LH4	2/28/2014
	22	Jun 2014	6LM4	5/30/2014
	23	Sep 2014	6LU4	8/29/2014
	24	Dec 2014	6LZ4	11/28/2014
	25	Mar 2015	6LH5	2/27/2015
	26	Jun 2015	6LM5	5/29/2015
	27	Sep 2015	6LU5	8/31/2015
	28	Dec 2015	6LZ5	11/30/2015

A new CME Brazilian real futures contract month, either the next March quarterly cycle month not yet listed or the next non-March quarterly cycle "serial month" not yet listed, will be added for trading on the business day following the termination of trading for the nearby analogous contract month. For example, on Tuesday, February 1, 2011, the business day following the Monday, January 31, 2011, termination for the nearby February 2011 CME Brazilian real futures contract month, CME Group will list the February 2012 CME Brazilian real futures contract month for trading. Similarly, on Tuesday, March 1, 2011, the business day following the Monday, February 28, 2011, termination for the nearby March 2011 quarterly CME Brazilian real futures contract, CME Group will list the March 2016 CME Brazilian real futures contract month for trading on CME Globex.

**Adopt EMTA NDF USD / BRL Backup Procedures:** CME is extending the current NDF FX futures contract strategy of adopting the OTC NDF market's backup procedures in the event that the primary cash settlement rate source becomes unavailable for any reason. This action minimizes basis risk for market participants laying off risk for CME Brazilian real futures with NDF U.S. dollar / Brazilian real transactions of the same value date.

The Appendix below includes rule changes to adopt the EMTA BRL Industry Survey Rate or the EMTA BRL Indicative Survey Rate, as applicable, for use in determining the Final Settlement Price of the CME Brazilian real futures contract, if the Central Bank of Brazil does not calculate or publish its BRL PTAX rate on the CME Brazilian real futures contract termination of trading date. Also, if NDF market participants petition EMTA to conduct the EMTA BRL Industry Survey because they believe the Central Bank of Brazil BRL PTAX rate may not be representative of transactions in the current

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foreign exchange market, and if a CME Brazilian real futures contract is terminating trading at this time, the backup procedures enable CME to use the applicable EMTA OTC NDF market U.S. dollar / Brazilian real survey rate to cash settle the expiring CME Brazilian real futures contract. This action would keep the CME Brazilian real futures Final Settlement Price in line with the NDF market cash settlement price on that same day, thus eliminating basis risk.

The Exchange certifies that the listing of four additional years of March quarterly cycle contract months in CME Brazilian real futures contracts and the adoption of EMTA backup procedures for cash settlement of the CME Brazilian real futures contract in such a situation where the Central Bank of Brazil BRL PTAX rate is unavailable, comply with the Commodity Exchange Act and the rules thereunder.

Members/shareholders were notified of these rule amendments and exchange plans to list additional CME Brazilian real futures contract months in CME Group Special Executive Report, S-5511, dated Monday, December 6, 2010.

If you require any additional information regarding this action, please do not hesitate to contact Steve Youngren, at 312-930-4583 or via e-mail at [Steve.Youngren@cmegroup.com](mailto:Steve.Youngren@cmegroup.com) or me at 312-466-7478. Please reference our CME Submission No. 10-373 in any related correspondence.

Sincerely,

/s/ Tim Elliott  
Director and Associate General Counsel

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## Appendix

Proposed rule additions are underlined and deletions bracketed and lined out.

### Chapter 257 Brazilian Real Futures

#### 25700. SCOPE OF CHAPTER

This chapter is limited in application to futures trading in Brazilian real versus the U.S. dollar. The procedures for trading, clearing, delivery, settlement and any other matters not specifically contained herein shall be governed by the rules of the Exchange.

#### 25701. FUTURES CALL

##### 25701.A. Trading Schedule

Futures contracts shall be scheduled for trading and delivery during such hours and in such months as may be determined by the Board of Directors.

##### 25701.B. Trading Unit

The unit of trading shall be 100,000 Brazilian [~~reals~~] reals (plural of "real").

##### 25701.C. Price Increments <sup>1</sup>

Minimum price fluctuations shall be in multiples of \$.00005 per Brazilian real, equivalent to \$5.00 per contract.

##### 25701.D. Position Limits <sup>2</sup>

A person shall not own or control more than 24,000 contracts net long or net short in any contract month or more than 40,000 contracts net long or short in all contract months combined. For positions involving options on the Brazilian real futures, this rule is superseded by the option speculative position limit rule.

##### 25701.E. Accumulation of Positions

For purposes of this rule, the positions of all accounts directly or indirectly owned or controlled by a person or persons, and the positions of all accounts of a person or persons acting pursuant to an expressed or implied agreement or understanding, and the positions of all accounts in which a person or persons have a proprietary or beneficial interest, shall be cumulated.

##### 25701.F. Exemptions

The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 559.

##### 25701.G. Termination of Trading <sup>3</sup>

Futures trading shall terminate on the last business day of the month for the Central Bank of Brazil immediately preceding the contract month. If the foregoing date for termination is a holiday for the Exchange and GLOBEX®, futures trading shall terminate on the next preceding business day for either the Exchange or GLOBEX®.

##### 25701.H. Contract Modifications

Specifications shall be fixed as of the first day of trading of a contract, except that all deliveries must conform to government regulations in force at the time of delivery. If any national or international government agency or body issues an order, ruling, directive or law that conflicts with the requirements of these rules, such order, ruling, directive or law shall be construed to take precedence and become part of these rules and all open and new contracts shall be subject to such government orders.

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<sup>1</sup> Revised May 1997.

<sup>2</sup> Revised July 1996; November 2002.

<sup>3</sup> Revised May 1999.

**25702. SETTLEMENT PROCEDURES**

**25702.A. [Reserved]**

**25702.B. Cash Settlement<sup>4</sup>**

All Brazilian real futures contracts remaining open after the close of trading on the termination of trading day shall be liquidated by cash settlement at a price equal to the Final Settlement Price. The CME Brazilian real currency futures contract Final Settlement Price shall be equal to the reciprocal of the Commercial exchange rate for Brazilian Reals per U.S. Dollar for cash delivery, according to the provisions of Resolution no. 1690/90 of the National Monetary Council, defined as the average offered rate calculated by the Central Bank of Brazil on the last business day of the month for the Central Bank of Brazil immediately preceding the contract month, according to its criteria, broadcast by SISBACEN, transaction PTAX800, option 5-L (closing quotation), to 5 decimal places ("Central Bank of Brazil BRL PTAX" rate), and verified on the last business day of the month for the Central Bank of Brazil. This rate is the same Brazilian real per U.S. Dollar spot exchange rate calculated by the Central Bank of Brazil and used by the Bolsa de Mercadorias & Futuros (BM&F) to cash settle its U.S. Dollar futures contract. All open positions shall be cash settled to the reciprocal of this rate on the business day following the last business day of the month for the Central Bank of Brazil.

**1. Procedures if No Central Bank of Brazil BRL PTAX Rate is Available**

~~In the event that [the "Commercial exchange rate of Reals per U.S. Dollar for cash delivery"] there is a price source disruption and the Central Bank of Brazil BRL PTAX rate is not calculated by the Central Bank of Brazil and/or broadcasted by SISBACEN on [the last business day of the month for the Central Bank of Brazil immediately preceding the contract month] the Brazilian real futures contract termination of trading day, and in order to minimize basis risk between the Brazilian real futures contracts and the non-deliverable forward ("NDF") market, the Exchange may determine a Final Settlement Price based upon the reciprocal rounded to 5 decimal places of either the EMTA BRL Industry Survey Rate or EMTA BRL Indicative Survey Rate, as the case may be, when available. The EMTA BRL Industry Survey Rate Methodology and the EMTA BRL Indicative Survey Rate Methodology follow this chapter in an Interpretation. Upon consultation with EMTA, Inc., the Clearing House shall determine if the expiring Brazilian real futures contract shall be cash settled using either the EMTA BRL Industry Survey Rate or EMTA BRL Indicative Survey Rate, or deferred for cash settlement to a subsequent day.~~

**2. Procedures if EMTA Determines a Price Materiality Percentage is Met on a Futures Contract Termination Day.**

~~Also, if, on a Brazilian real futures contract termination of trading day, there is a price source disruption where EMTA determines that a price materiality percentage for the U.S. dollar / Brazilian real primary rate source Central Bank of Brazil BRL PTAX rate was met (e.g., 3% or more deviation of the day's Central Bank of Brazil BRL PTAX rate from either the EMTA BRL Industry Survey Rate or EMTA BRL Indicative Survey Rate as determined for the same day), then final settlement of the expiring Brazilian real futures contract may be deferred or postponed for up to (but not more than) 30 consecutive calendar days. The procedure is intended to correspond to the deferral or postponement procedure followed by the NDF market pursuant to recognized market practices as published by EMTA, Inc. Upon consultation with EMTA, Inc., the Clearing House shall determine if the expiring Brazilian real futures contract shall be cash settled using either the EMTA BRL Industry Survey Rate or EMTA BRL Indicative Survey Rate, or deferred for cash settlement to a subsequent day.~~

**3. Procedures if Central Bank of Brazil BRL PTAX Rate is Available after Commencement of a Deferral Period**

~~Upon publication of the Central Bank of Brazil BRL PTAX rate after a deferral period commences, and provided no price materiality percentage was met for that day, CME shall determine the Final Settlement Price using the reciprocal of such Rate rounded to 5 decimal places and the Brazilian real futures contract shall be settled on such day. If, however, 30 consecutive calendar days pass without publication of the Central Bank of Brazil BRL PTAX Rate, CME shall otherwise determine the Final Settlement Price. See next section.~~

**4. Procedures after 30-Day Deferral Period**

~~After the lapse of 30 consecutive calendar days without publication of the Central Bank of Brazil BRL PTAX rate, and without prior final settlement to other backup procedures, the Final Settlement Price may be calculated and published by CME on the next business day using the reciprocal rounded to 5 decimal places of either the EMTA BRL Industry Survey Rate or EMTA BRL Indicative Survey Rate, as the case may be, when applicable and posted on the public portion of EMTA's website for valuation of outstanding non-deliverable U.S. dollar / Brazilian real transactions. The procedures for the EMTA BRL Industry Survey Rate and EMTA BRL Indicative Survey Rate are defined in the Interpretation to this chapter.~~

~~However, in the event that the Exchange President determines that the Clearing House is unable to determine a Final Settlement Price pursuant to any of the preceding sections and the Interpretation to this chapter, then Rule 25703 shall apply to determine the Final Settlement Price.<sup>5</sup>~~

~~[The Exchange shall determine a Final Settlement Price based on its own survey of financial institutions inside of Brazil that are active participants in the Brazilian reals per U.S. Dollar spot market. The Clearing House shall select at random 12 reference institutions from a list of no less than 12 institutions who are active participants in the spot market. Beginning at 6:00 p.m. Sao Paulo, Brazil Time,<sup>6</sup> each participant shall be requested to provide its best estimate of the overall market's average dollar offered rate based upon spot transactions for Brazilian reals per U.S. dollar for the current trading day,~~

<sup>4</sup> Revised February 1996; January 1999; May 1999; November 1999.

<sup>5</sup> Revised December 2010.

<sup>6</sup> This is 2:00 p.m. Chicago Time when Standard Time is in effect in Chicago and Daylight Savings Time is in effect in São Paulo, Brazil.

This is 3:00 p.m. Chicago Time when either Standard Time or Daylight Savings Time is in effect in both Chicago and São Paulo, Brazil. This is 4:00 p.m. when Daylight Savings Time is in effect in Chicago and Standard Time is in effect in São Paulo, Brazil.

~~calculated according to the Central Bank of Brazil's methodology for transaction code PTAX800, option 5-L (that is, transaction prices are adjusted to reflect the dollar offered side of the market).~~

~~Before a quote is officially accepted, it must be confirmed either by telex, facsimile, or other hard-copy confirmation, or by recorded telephone message.~~

~~If the survey results in at least 8 and up to 12 responses, the Clearing House shall calculate the Final Settlement Price based upon such 8 to 12 responses in the following manner. The Clearing House shall eliminate the two lowest and two highest offered rates and compute the arithmetic mean of the remaining 4, 5, 6, 7 or 8 offered rates. The reciprocal of this arithmetic mean of Brazilian real per U.S. dollar spot exchange rate will then be calculated and rounded to the nearest \$.00001 per Brazilian real. This number shall become the Final Settlement Price.~~

~~If the survey results in at least 4, but less than 8, responses, the Clearing House shall calculate the Final Settlement Price based upon such 4, 5, 6 or 7 responses in the following manner. The Clearing House shall eliminate the lowest and highest of such offered rates and compute the arithmetic mean of the remaining 2, 3, 4, or 5 offered rates as appropriate. The reciprocal of this arithmetic mean of Brazilian real per U.S. dollar spot exchange rate will then be calculated and rounded to the nearest \$.00001 per Brazilian real. This number shall become the Final Settlement Price.~~

~~If the survey results in 3 responses, the Clearing House shall calculate the Final Settlement Price based upon the arithmetic mean of the 3 offered rates. The reciprocal of this arithmetic mean of Brazilian real per U.S. dollar spot exchange rate will then be calculated and rounded to the nearest \$.00001 per Brazilian real. This number shall become the Final Settlement Price.~~

~~If the survey results in less than 3 responses, the Clearing House shall deem that insufficient survey responses are available for the Clearing House to calculate the Final Settlement Price.~~

~~If for any reason there is difficulty in obtaining a quote within a reasonable time interval from one of the participants in the sample, that participant shall be dropped from the sample, and another shall be randomly selected to replace it. The Exchange President or his designated representative shall determine by 10:00 AM Chicago Time on the business day following the last business day of the month for the Central Bank of Brazil immediately preceding the contract month whether the "Brazilian real per U.S. dollar spot exchange rate" was not determined and/or disseminated by the Central Bank of Brazil on its last business day of the month immediately preceding the contract month. In such event, the Exchange shall determine the Final Settlement Price based on its own survey of financial institutions as described above.]~~

~~However, in the event that the Exchange President determines that the "Brazilian real per U.S. dollar spot exchange rate" is not calculated by the Central Bank of Brazil and/or broadcast by SISBACEN, and the Clearing House is not able to conduct its own survey to determine the "U.S. dollar per Brazilian Real spot offered rate," then Rule 25703 shall apply to determine the Final Settlement Price].~~

#### 25703. ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES

(Refer to Rule 701. – ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES)

##### Interpretation to Chapter 257, Brazilian Real Futures

[Consider entire remaining section underlined as a new addition. Enables viewing of underlined text in the EMTA procedures.]

##### EMTA BRL Industry Survey Rate Methodology

Dated as of March 1, 2004

Capitalized terms not defined below are defined in the 1998 FX and Currency Options Definitions as published by the International Swaps and Derivatives Association, Inc., EMTA, Inc. and the Foreign Exchange Committee.

#### I. The EMTA BRL Industry Survey:

- Survey Request. Upon a Valid Survey Request (defined below), EMTA (or a service provider that EMTA may select in its sole discretion), shall, commencing on the next day that is a Brazil Business Day, conduct a survey of financial institutions for the purpose of determining the EMTA BRL Industry Survey Rate for that date. For purposes of this Methodology, a "Brazil Business Day" means a day that banks are open for business in any of Rio de Janeiro, Brasilia and São Paulo.

A "Valid Survey Request" means, the request on any day that is a Business Day in New York by not later than 11:30 AM (São Paulo time)<sup>7</sup> by not less than 3 EMTA members delivered to EMTA by e-mail AND by phone at 646-637-9100, provided that EMTA, in its discretion, may deem a survey request not to constitute a Valid Survey Request if it is received on a day on which EMTA has conducted or will conduct a BRL Indicative Survey. See EMTA's website for the e-mail request form ([www.emta.org](http://www.emta.org): Activities & Services/ Market Data / EMTA Rate Quotation Services / BRL Industry Survey/BRL Industry Survey Request).

- Notice of Survey Request: EMTA shall notify market participants that it has received a Valid Survey Request by posting a notice to this effect on the *New Developments* section of [www.emta.org](http://www.emta.org).

<sup>7</sup> New York time is 3 hours earlier than São Paulo time when it is Standard Time in New York and Daylight Savings Time in São Paulo. New York time is 2 hours earlier than São Paulo Time when it is either Standard Time or Daylight Savings Time in both New York and São Paulo; New York time is 1 hour earlier than São Paulo time when Daylight Savings time in effect in New York and Standard Time is in effect in São Paulo.

- Polled Banks: Upon a Valid Survey Request, EMTA shall survey no more than 15 randomly selected financial institutions ("Participating Banks") that are active participants in the local Brazilian Real/U.S. Dollar spot market, (i) at approximately 11:00 AM (Sao Paulo time) (the "AM Survey") and, again (ii) at approximately 3:00 PM (Sao Paulo time) (the "PM Survey").
- Survey Question: Each Participating Bank will be asked to provide the current prevailing Brazilian Real bid and offer rates (the "pronto") for settlement in two Business Days for a standard size Brazilian Real/U.S. Dollar financial transaction in the Brazilian interbank market at approximately 11:00 AM (Sao Paulo time), in the case of the AM Survey, and at approximately 3 pm (Sao Paulo time), in the case of the PM Survey. If more than one category of BRL/USD exchange rate is available contemporaneously in the Brazilian marketplace at the time of a survey, each survey participant should provide bid and offer rate quotations that reflect a rate that is freely accessible to market participants in Brazil for wholesale financial foreign exchange transactions in the most liquid segment of the foreign exchange market.
- Survey Period: Following receipt of a Valid Survey Request, EMTA shall conduct the BRL Industry Survey pursuant to this Methodology for the Survey Period. "Survey Period" means a period of 10 consecutive Brazil Business Days.
- New York Holidays: Notwithstanding the foregoing, EMTA shall make reasonable efforts, but shall not be required and shall not be responsible for any failure to conduct an EMTA BRL Industry Survey and/or post a resulting rate on any day that is not a Business Day in New York.

## II. Calculation Methodology

For each of the AM Survey and the PM Survey

- EMTA will determine the mid-point of each bid-offer pair. The arithmetic mean of the mid-points will be used to determine the results of the AM Survey or the PM Survey, as the case may be.
- If either survey for a Valuation Date results in 8 or more responses, then the 2 highest and 2 lowest mid-points will be eliminated, and the arithmetic mean of the remaining 8, 7, 6, 5 or 4 mid-points, as appropriate, shall be computed. For purposes of eliminating the 2 highest and 2 lowest mid-points, if more than 2 mid-points have the same highest value or lowest value, then only 2 such mid-points shall be eliminated.
- If either survey for a Valuation Date results in less than 8, but at least 5 responses, then the lowest and highest of such mid-points will be eliminated, and the arithmetic mean of the remaining 3, 4 or 5 mid-points, as appropriate, shall be computed. For purposes of eliminating the highest and lowest mid-points, if more than 1 mid-point has the same highest value or lowest value, then only 1 such mid-point shall be eliminated.

Utilizing the arithmetic mean determined for each of the AM Survey and PM Survey, EMTA will assign a 60% weight to the results of the AM Survey and a 40% weight to the results of the PM Survey to determine a rate (the "BRL Industry Survey Rate").

- Quotes shall be provided to the fourth decimal point (e.g., 1.0000).

## III. Insufficient Responses

- If EMTA receives less than 5 responses to either its request for BRL/USD rate quotations for the AM Survey or its request for BRL/USD rate quotations for the PM Survey, then no BRL Industry Survey Rate will be available for such date and EMTA will publish a notice to that effect on the Publication Site (see below).

## IV. BRL Industry Survey Rates Publication

- The EMTA BRL Industry Survey Rate will be published on EMTA's website ([www.emta.org](http://www.emta.org)) (the "Publication Site") by approximately 3:45 PM (Sao Paulo time), or as soon thereafter on such date as practicable.
- If an AM Survey and a PM Survey have been conducted, but more time is needed to determine the BRL Industry Survey Rate, a progress report, which may include an estimated re-scheduled publication time, will be published on the Publication Site at approximately 3:15 PM (Sao Paulo time), or as soon thereafter as practicable.
- As soon as it is determined that the Survey will result in Insufficient Responses, a notice that no EMTA BRL Industry Survey Rate is available for such date shall be published on the Publication Site.

## V. Discontinuing the BRL Industry Survey

- EMTA may affirmatively discontinue operation of the BRL Industry Survey upon (a) 30 consecutive calendar days of insufficient responses to the BRL Industry Survey as provided in Para. III (and notwithstanding any outstanding or as-yet-lapsed Survey Period and the commencement of the BRL Indicative Survey) or (b) its determination that the resulting BRL Industry Survey Rate no longer represents an economically or commercially meaningful rate. In such event, a notice to this effect will be published on the Publication Site prior to such event. Notwithstanding the foregoing, nothing herein shall be construed to prevent EMTA from reinitiating the BRL Industry Survey at an appropriate time in the future.

VI. Amendments to the Methodology

- EMTA may, in its discretion, from time to time, make such administrative, procedural or other modifications to this Methodology as are appropriate to ensure the continued operation and integrity of the BRL Industry Survey.

VII. Disclaimer

- EMTA (and any service provider EMTA may select) disclaim liability for the BRL Industry Survey Rate, and no representation or warranty, express or implied, is made concerning the BRL Industry Survey Rate (including, without limitation, the methodology for determining the BRL Industry Survey Rate and its suitability for any particular use).

EMTA BRL Indicative Survey Rate Methodology  
Dated as of March 1, 2004

Capitalized terms not defined below are defined in the 1998 FX and Currency Option Definitions as published by the International Swaps and Derivatives Association, Inc. EMTA, Inc. and the Foreign Exchange Committee.

I. The EMTA BRL Indicative Survey

- Commencing the Indicative Survey: On the calendar day after the lapse of any 30 day period during which valuation is either deferred or postponed (or both) (which calendar day is a Business Day or would have been a Business Day but for an Unscheduled Holiday), EMTA (or a service provider EMTA shall select in its sole discretion) shall conduct a survey of financial institutions for the purpose of determining the EMTA BRL Indicative Survey Rate for that day.
- Polled Banks: For purposes of determining the EMTA BRL Indicative Survey Rate for any Valuation Date, at approximately 11:00 am (São Paulo time<sup>6</sup>), EMTA (or a service provider EMTA may select in its sole discretion) shall survey no more than 30 randomly selected financial institutions that are active participants in the Brazilian Real/U.S. Dollar market (each, a "Participating Bank.")
- Survey Question: Each Participating Bank will be asked to provide its reasonable judgment of what is (or, in the case of an Unscheduled Holiday, would be) the current prevailing free market Brazilian Real spot rate (bid-offer pair) for a standard size Brazilian Real/U.S. Dollar wholesale financial transaction for same-day settlement in the Brazilian marketplace on the Valuation Date. In arriving at this indicative quotation, survey participants will be directed to take such factors into consideration as they deem appropriate, which factors may (but need not) include any or all of the following: the spot rate(s) implied in the offshore non-deliverable foreign exchange market for Brazilian Real/U.S. Dollar transactions; the spot rate implied by any other financial market transactions (to the extent that such other financial markets are open for business); the spot rate used in connection with any commercial transactions for goods or services from offshore suppliers or providers; any existing rate for trade finance transactions; and any other existing unofficial rate for Brazilian Real/ U.S. Dollar transactions (commercial or otherwise).
- New York Holidays: Notwithstanding the foregoing, EMTA shall make reasonable efforts, but shall not be required to and shall not be held responsible for any failure to conduct an EMTA BRL Indicative Survey and/or post a resulting rate on any day that is not a Business Day in New York.

II. Calculation Methodology

- EMTA will determine the mid-point of each bid-offer pair. The arithmetic mean of the mid-points will be used to determine the BRL Indicative Survey Rate, rounded to the fourth decimal point as described below.
- If the BRL Indicative Survey results in 21 or more responses, then the 4 highest and 4 lowest mid-points will be eliminated, and the arithmetic mean of the remaining mid-points shall be computed and will constitute the BRL Indicative Survey Rate for such Valuation Date. For purposes of eliminating the 4 highest and 4 lowest mid-points, if more than 4 mid-points have the same highest value or lowest value, then only 4 such mid-points shall be eliminated.
- If the BRL Indicative Survey results in less than 21 but 12 or more responses, then the 2 highest and 2 lowest mid-points will be eliminated, and the arithmetic mean of the remaining mid-points shall be computed and will constitute the BRL Indicative Survey Rate for such Valuation Date. For purposes of eliminating the 2 highest and 2 lowest mid-points, if more than 2 mid-points have the same highest value or lowest value, then only 2 such mid-points shall be eliminated.
- If the BRL Indicative Survey results in less than 12 but 10 or more responses, then the highest and the lowest rate will be eliminated and the arithmetic mean of the remaining midpoints shall be computed and will constitute the BRL Indicative Survey

<sup>6</sup> New York time is 3 hours earlier than São Paulo time when it is Standard Time in New York and Daylight Savings Time in São Paulo. New York time is 2 hours earlier than São Paulo Time when it is either Standard Time or Daylight Savings Time in both New York and São Paulo; New York time is 1 hour earlier than São Paulo Time when Daylight Savings time is in effect in New York and Standard Time is in effect in São Paulo.



Rate for such Valuation Date. For purposes of eliminating the highest and lowest mid-points, if more than 1 mid-point has the same highest value or lowest value, then only 1 such mid-point shall be eliminated.

- If the BRL Indicative Survey results in less than 10 but 8 or more responses, then no mid-point will be eliminated and the arithmetic mean of all mid-points obtained shall be computed and will constitute the BRL Indicative Survey Rate for such Valuation Date.
- Quotes shall be provided to the fourth decimal point (e.g., 1.0000).

III. Insufficient Responses

- If the BRL Indicative Survey results in less than 8 responses from Participating Banks, then no BRL Indicative Survey Rate will be available for the relevant Valuation Date.

IV. BRL Indicative Survey Rate Publication

- The BRL Indicative Survey Rate will be published on EMTA's web site ([www.emta.org](http://www.emta.org)) (the "Publication Site") by approximately 12:00 PM (São Paulo time), or as soon thereafter as practicable, on the Valuation Date.
- As soon as it is determined that the BRL Indicative Survey will result in Insufficient Responses, a notice that no BRL Indicative Survey Rate is available for the Valuation Date shall be published on the Publication Site.

V. Discontinuing the BRL Indicative Survey

- The BRL Indicative Survey will be discontinued (a) upon receipt by EMTA of notice from an EMTA member, confirmed by three additional, unaffiliated EMTA members, that the BRL PTAX (BRL09) Rate has been available for the determination of a Settlement Rate for ten consecutive Business Days and that the Price Materiality Percentage has not been met with respect thereto on any of such ten days, and (b) on the third day following polling for the BRL Indicative Survey that results in less than 8 responses for more than two consecutive polling days. Notwithstanding the foregoing, nothing herein shall be construed to prevent EMTA from re-initiating the BRL Indicative Survey at an appropriate time in the future.
- A notice that the BRL Indicative Survey has been discontinued will be published on the Publication Site.

VI. Amendments to the Methodology

- EMTA may, in its discretion, from time to time, make such administrative, procedural or other modifications to this Methodology as are appropriate to ensure the continued operation and integrity of the BRL Indicative Survey.

VII. Disclaimer

- EMTA (and any service provider EMTA may select) disclaim liability for the BRL Indicative Survey Rate, and no representation or warranty, express or implied, is made concerning the BRL Indicative Survey Rate (including, without limitation, the methodology for determining the BRL Indicative Survey Rate and its suitability for any particular use).

(End Chapter 257)