MEFF *Circular*	**Number:** C-EX-DF-05/2022
	Contract Group: Financial Derivatives
	Date: 25 April 2022
	Effective Date: 03 May 2022
	Replaces : C-EX-DF-08/2021
Subject	Closing Prices for MEFF listed contracts.
Summary	This Circular describes the criteria to calculate the Closing Prices for Contracts listed on MEFF developing the terms established in the General Conditions. It is modified due to the incorporation of the xRolling Stocks contract.

1. - IBEX 35 Futures

Closing Price for the first expiration of IBEX 35 Future is obtained by the volume weighted average of trades executed in the order book between 17:29 and 17:30 with one decimal. If ten trades were not executed in this time period, MEFF shall search to complete the number of trades up to ten with a time limit until 17:25.

The Session Supervisor is authorized to determine a different Closing Price in those cases in which the said mean does not faithfully reflect the market situation, taking into consideration the following data:

- Prices traded during the last minute of market trading.
- Theoretical value of the future with respect to the closing price of the IBEX 35 Index.
- Level of prices traded during the session compared to the theoretical future value.

For the purpose of establishing the Closing Price for expirations entailing less degree of liquidity or a total lack of quotations, MEFF shall calculate the theoretical basis using the dividends forecast and it will be added to the Closing Price of the first expiry. The resulting Closing Price will be rounded with no decimals.

On the expiration date, Closing Price for the expiring contract will be the Expiration Settlement Price as defined in the General Conditions of the contract that will be established by BME Clearing Circular.

2. - Mini IBEX 35 Futures

The Closing Price of the Mini IBEX 35 Futures in each expiration date will be the same as the IBEX 35 Future.

3. - Micro IBEX 35 Futures

The Closing Price of the Micro IBEX 35 Future in each expiration date will be the theoretical price calculated from the price of the first expiry of the IBEX 35 Future plus the theoretical

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base in that expiry. Therefore, the Closing Price of the Micro IBEX 35 Future that expires on the third Friday of the month will be the same as the Future IBEX 35 of the same expiry.

4. - IBEX 35 DIV IMPACT Futures Contracts

To obtain the Closing Price, the following sources will be used, being market prices, if any, the most important source over the rest:

- Prices traded on the contract during the session.
- Available Prices ranges during the session.
- Implied prices on IBEX 35 Option Contracts.
- Prices inferred from dividends information provided by Markit.
- In the absence of relevant news, the same price as the previous session.

On the Expiration Date, the Closing Price for the contract that expires will be the Expiration Settlement Price as it is defined in the General Conditions of the Contract and as it will be established by BME CLEARING Circular.

5. - Stock Futures and IBEX 35 Sector Futures

The Closing Price, for each of the contract's maturities opened for trading, will be the Theoretical Future Price resulting from the capitalization of the official underlying asset or the underlying index Closing Price on the relevant expiration date, minus the estimated or confirmed dividends that will be paid off between the evaluation date and the expiration date also capitalized on the expiration date.

On the Expiration Date, the Closing Price for the contract that expires will be the Expiration Settlement Price as it is defined in the General Conditions of the Contract and as it will be established by BME CLEARING Circular.

6. - Single Stock Dividend Futures and Single Stock Dividend Futures Plus

To obtain the Closing Price, the following information sources will be used being market prices, if any, the most important source over the rest:

- Prices traded on the contract during the session.
- Available Prices ranges during the session.
- Implied prices on Stock Option Contracts.
- Prices inferred from dividends information provided by Markit.
- In the absence of relevant news, the same price as the previous session.

On the Expiration Date, the Closing Price for the expiring Contract will be the Expiration Settlement Price as it is defined in the General Conditions of the Contract.

7. - xRolling FX Futures

Closing Price for the xRolling FX Futures is obtained from the average prices ranges available in the Spot Market between 16:59 and 17:00 (EST) NY[1].

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[1]Normally this hour corresponds to the 22:59 to 23:00 CET, except some specific dates when the summer/winter hour happens during that period the closing time will be 21:59 to 22:00 CET.

With this average ranges, closing prices are going to be obtained taking into account that must be non–arbitrable prices, this means that any cross price has to be equal to the inferred crossing prices[2]. As there are many combinations of non-arbitrable prices, it will be chosen the ones with the lowest difference with the mid-price.

8. - xRolling Stocks Futures

The closing price in this contract will be the closing price of the Underlying Asset in the Reference Market.

9. - Future on the 10 Year Government Notional Bond

Closing Price for the first expiration is the arithmetic mean between the best bid price and best ask price at the closing of the market.

The Session Supervisor, when the said mean is considered not to faithfully reflect the market situation, is authorized to determine a different Closing Price taking into consideration the following data:

- Prices traded during the last minute of trading.
- Theoretical value arising from the cheapest bond to deliver and the market repo rate.

For the purpose of establishing the Closing Price for those expirations entailing less degree of liquidity or a total lack of quotations, MEFF shall deduct it using the Time-Spread contract prices or, alternatively, calculating a Theoretical Price of the relevant expiry.

On the Expiration Date, Closing Price of the expiring contract will be the Expiration Settlement Price as it is defined in the General Conditions of the Contract

10. - IBEX 35 Options

IBEX 35 Options Closing Prices will be calculated according to Black 76 formula. The parameters to be used in the relevant formula will be grounded in:

- Dividend information provided by Markit. If the company is not part of IBEX 35 index, different estimations that MEFF considers appropriate and that reflect Market consensus will be used.
- Volatility forecast arising from screen quotations along the session.
- Transactions prices.
- In the absence of relevant news, the theoretical price will be calculated with the same parameters that remain unchanged from the previous session.

11. - Stock Options

Stock Options Closing Prices will be calculated according to Black-Scholes formula if option style is European or according to Binomial formula if option style is American. The parameters to be used in the relevant formula will be grounded in:

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[2]Thus, for example, the price of the EURUSD pair can be inferred by dividing the closing price of the EURCHF pair by the closing price of the USDCHF pair.

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- Dividend information provided by Markit. If the company is not part of IBEX 35 index, different estimations that MEFF considers appropriate and that reflect Market consensus will be used
- Volatility forecast arising from screen quotations along the session.
- Transactions prices.
- In the absence of relevant news, the theoretical price will be calculated with the same parameters that remain unchanged from the previous session.

12. - Dividends used in the calculation of Theoretical Prices

MEFF will use daily Markit dividends forecasts assuming full responsibility over its content. If the said forecasts were at any time insufficient or clearly erroneous, or if the company is not part of IBEX 35 index, MEFF will be able to consider other sources that properly reflect market consensus.

In addition to information provided by Markit, and in order to calculate theoretical prices of any contract, Single Stock Dividend Futures prices could be used as a source that reflects market estimated dividends.