Circular C-EX-DF-9/2026

Rules for Time Spread Trading.

MEFF

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The rules and procedures governing the trading of Time Spreads through the electronic trading system are established.

AMENDMENT: Time Spread contracts on 10-Year Bond Futures, Single Stock Futures, Dividend Stock Futures and IBEX Sector Futures are removed.

DEFINITION OF A TIME SPREAD

A Time Spread is a futures trading strategy consisting of taking opposite positions in two contracts on the same underlying asset but with different maturities, either simultaneously or as part of the same transaction. Accordingly:

- The buyer of a Time Spread buys the futures contract with the nearest maturity and simultaneously sells the futures contract with the more distant maturity.

- The seller of a Time Spread sells the futures contract with the nearest maturity and simultaneously buys the futures contract with the more distant maturity.

2. ORDER ENTRY

Time Spread prices may be quoted in increments of 0.5 index points for IBEX 35.

The following rules shall apply to the entry of Time Spread orders:

- Negative spread: If the difference between the price of the near-month futures contract and the price of the far-month futures contract is negative, that (negative) value shall be used as the Time Spread price.

- Positive spread: If the above difference is positive, that positive value shall be used as the Time Spread price.

The entry of Time Spread orders shall be subject to the same controls and filters applicable to orders in any other contract (such filters may generate either warnings or rejections based on price or volume parameters).

ELECTRONIC LINKAGE OF IBEX 35 FUTURES AND TIME SPREAD PRICES

Whenever possible, implied prices shall be generated in the Time Spread order book from orders in the individual futures contracts that compose it, exclusively between the first and second monthly expiries and the corresponding Time Spread linking them. Likewise, implied orders shall be generated in the first and second monthly expiry futures contracts from an order in the Time Spread linking those expiries and an order in the other futures expiry.

Since different trading ticks apply to Futures contracts (1 index point) and to the Time Spread (0.5 index point), implied prices may be rounded in certain circumstances. Such rounding shall always be performed in favour of the holder of the rounded order.

The formulas used to generate implied prices (where no rounding applies) are as follows, taking as an example the SIBXU9V9 Time Spread and its component outright futures FIBXU9 and FIBXV9.

For the Time Spread (SIBXU9V9)

BIDSIBXU9V9 = BIDFIBXU9 – ASKFIBXV9

ASKSIBXU9V9 = ASKFIBXU9 – BIDFIBXV9

For the nearby futures contract (FIBXU9)

BIDFIBXU9 = BIDSIBXU9V9 + BIDFIBXV9

ASKFIBXU9 = ASKSIBXU9V9 + ASKFIBXV9

For the deferred futures contract (FIBXV9)

BIDFIBXV9 = BIDFIBXU9 – ASKSIBXU9V9

ASKFIBXV9 = ASKFIBXU9 – BIDSIBXU9V9

When a half-point Time Spread order generates an implied order in a futures contract, the implied order shall be rounded downwards if it is a buy order and upwards if it is a sell order.

The practical effect of this rounding is that when a Member executes a Time Spread order through the execution of the implied order, the holder of the Time Spread order will receive an execution price that is 0.5 index points more favourable than the order price. However, if the order is executed directly in the Time Spread contract itself, the half-point order will be executed at its quoted price.

With respect to the formulas above, when the Time Spread order generating an implied buy or sell order in an outright futures contract is quoted at a half-point increment, the formulas are modified as follows:

For the nearby futures contract (FIBXU9)

BIDFIBXU9 = BIDSIBXU9V9 (half-point order)+ BIDFIBXV9 – 0.5

ASKFIBXU9 = ASKSIBXU9V9 (half-point order)+ ASKFIBXV9 + 0.5

For the deferred futures contract (FIBXV9)

BIDFIBXV9 = BIDFIBXU9– ASKSIBXU9V9 (half-point order)– 0.5

ASKFIBXV9 = ASKFIBXU9– BIDSIBXU9V9 (half-point order) + 0.5

TYPES OF TRADES GENERATED

Depending on how a Time Spread is executed, the system will generate different types of trades in the transaction register, identified by codes **R**, **S**, or **M**, whose characteristics are described below:

R and S Trades (Execution Entirely within the Time Spread Book)

If a Time Spread is executed through a direct match within the Time Spread order book itself (i.e., both counterparties trade directly in the Time Spread contract), the system generates one **R trade** (*Time Spread strategy trade*) and two associated **S trades** (*trades associated with the Time Spread strategy*), corresponding to each of the two futures contracts (near and deferred expiries) that make up the Time Spread.

- **Price determination:** The price of each S trade in the Futures contracts shall be calculated on the basis of the price of the most recent trade executed in the market for the nearest-expiry futures contract (or, failing that, the previous day's closing price), with the corresponding spread difference applied to derive the price of the deferred-expiry futures contract. If no reference price exists for the nearest-expiry futures contract, trading in the corresponding Time Spread contract shall not be possible.

- **<u>Characteristics of R (Time Spread Strategy Trade):</u>**
    - Updates the Time Spread's high, low and last traded prices, as well as the price, volume and trend of its last trade.
    - Contributes to the accumulated traded volume of the Time Spread (without adding such volume to the total futures market volume).
    - Triggers stop orders defined on the Time Spread.
    - Is recorded in the system under its own trade number.

- **<u>Characteristics of S Trades (Associated with the Time Spread):</u>**
    - Do not update the high, low or last prices of the corresponding futures contracts, nor the price, volume or trend of their last trade.
    - Contribute to the accumulated traded volume of the respective futures contracts.
    - Do not trigger stop orders in the futures contracts.
    - Are recorded in the system under their own trade numbers.

M Trades (Execution through Implied Orders)

If a Time Spread is executed, wholly or partially, through implied orders, i.e., where one counterparty buys or sells a Time Spread and the opposite side is provided by two different participants in the underlying futures contracts through implied orders, the system will generate one R trade (representing the traded Time Spread) together with two M trades (market trades associated with a calculated *Time Spread*), each corresponding to one of the two futures contracts comprising the Time Spread.

- **<u>Price determination:</u>** The price of the **M trades** shall be the price of the firm bid and offer orders existing in each of the two Futures contracts which, when combined, gave rise to the calculated Time Spread price.

- **<u>Characteristics of S Trades (Associated with the Time Spread):</u>**
    - Update the high, low and last traded prices of the relevant Futures contracts, as well as the price, volume and trend of their last trade.
    - Contribute to the total traded volume of the relevant Futures contracts.
    - Trigger stop orders applicable to the relevant Futures contracts.
    - Are recorded in the system under their own trade number.

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