

# RITCH

## M U E L L E R

### **Banco de Mexico publishes a new reference rate**

On January 15, Circular 1/2020 was published in the Federal Official Gazette, by which Banco de Mexico (BANXICO) amends Circular 3/2012 and adds a new reference rate: the overnight interbank funding rate in national currency (“Overnight TIIE funding rate”).

The purpose of the Overnight TIIE funding rate is to reflect the conditions of interbank and brokerages wholesale funding, within one day, in repo transactions with government securities and those issued by BANXICO and the Institute for the Protection of Bank Savings (IPAB).

#### »» **Estimation of sample for the determination of the Overnight TIIE funding rate**

The estimation of the Overnight TIIE funding rate is based on all repo transactions carried out by institutions and brokerages within one bank business day, with Federal Treasury Certificates (CETES), Federal Government Development Bonds (BONDES), Monetary Regulation Bonds (BREMS), and IPAB securities (“Sample”). To that effect, only those transactions settled in the securities depository will be considered. Transactions between entities and brokerages that belong to the same financial group shall not be taken into account.

Where BANXICO is unable to obtain information on settled transactions, it will estimate the Sample upon the data obtained from brokers authorized by the National Banking and Securities Commission. If this is also not possible, the overnight TIIE funding rate shall be determined on the basis of interest rates quotations representative of one-day repo transactions carried out by brokerages and banks, with CETES, BONDES, BREMS and IPAB securities.

#### »» **Publication**

BANXICO will publish the overnight TIIE funding rate from 5:00 pm of the day it is determined, through the SIAC-BANXICO or any electronic means authorized to that end. In addition, the overnight TIIE funding rate shall be published in the Federal Official Gazette no later than 2 bank business days after its determination.

# RITCH

## M U E L L E R

---

### »» **Publication cease**

BANXICO will timely inform its decision, if any, to cancel the determination and publication of the overnight TIIE funding rate and shall indicate the rate that will replace it.

Circular 1/2020, which entered into force on January 16, also informs that the methodology for estimating interbank interest rates for periods longer than one bank business day will remain unchanged.

**For information regarding this subject, please do not hesitate to contact us at 9178 7000 or through the following e-mail: [contacto@ritch.com.mx](mailto:contacto@ritch.com.mx)**