



**Mexican Derivatives Exchange
Local Aspects Study Manual**

2016

Regarding the notices published in the Indicators Bulletin of this Derivatives Exchange on October 11, 2005, July 27, 2006, April 26, 2007 and May 11, 2009, concerning the certifications issued abroad that are recognized by MexDer, Mercado Mexicano de Derivados, SA de C.V. -"MexDer" (*MexDer, Mexican Derivatives Exchange*), this "Mexican Derivatives Market's Local Aspects Study Manual " is integrated.

The declaration that the applicant must sign jointly with the Compliance Officer of the institution he represents, which shall be delivered to the Stock Intermediaries Mexican Association (*Asociación Mexicana de Instituciones Bursátiles - "AMIB"*) to perform its validation process and in which the respective certificate will be delivered, is included in Attachment 1. For further information please contact Laura Vázquez Mancilla lvazquez@grupobmv.com.mx at +52 (55) 5342-9840.

Additionally, to make this process valid and be able to perform the functions assigned by the certificate that will be delivered by the AMIB, it is necessary to perform the accreditation procedures with the legal area of MexDer, Berenice Marín Campos cmarin@grupobmv.com.mx at +52 (55) 5342-9058 or Ueda Higareda Nami nueda@grupobmv.com.mx at +52 (55) 5342-9115.

Otherwise, the applicant will NOT be accredited before this Exchange and will be in default before MexDer, and he and the institution he represents shall be subject to the appropriate disciplinary measures.

IMPORTANT NOTE

Having read, studied and signed this Manual does not exempt in any way the responsibility of the personnel accredited and recognized before MexDer, to know the regulations applicable to the Mexican Derivatives Market, either the ones that are issued by the Exchange itself, the ones issued by the Clearing House or the ones issued by the competent authorities in the matter, with all the modifications that these might suffer in the future.

Note that this Manual has been prepared for informational purposes and the best effort has been made to make it a highly reliable document; however, MexDer shall not be responsible for any errors that may exist in the document, nor for the use or interpretation that third parties may make of the information contained herein.

Also, MexDer assumes no responsibility for modifications that might not be contained in this document; consequently, it is important to consider its date of issuance.

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1. Regulatory Framework.

1.1 PARTICIPANTS OF THE ORGANIZED FUTURES, OPTIONS AND SWAPS MARKET IN MEXICO.

In the standardized markets of Futures Contracts, Option Contracts and Swap Contracts with Fixed Nominal Rate and Variable Nominal Rate TIIE 28 (hereinafter, Swap contracts) the participation of at least the following subjects is required:

- The Mexican Stock Exchange
- The Clearing House
- Clearing Members
- Brokers

The Derivatives Exchange.

The Exchange, i.e., MexDer, Mercado Mexicano de Derivados, S.A. de C.V. (*MexDer, Mexican Derivatives Exchange*), hereinafter "MexDer", is a corporation whose purpose is to provide the facilities and other services so that the Futures, Option and Swap Contracts may be listed and traded.

To constitute a Stock Exchange, an authorization from the Ministry of Finance and Public Credit is required. The members of such entities may be individuals and corporations.

The Exchange's corporate capital is comprised of ordinary shares since their holders have the ordinary rights that the law enshrines in favor of shareholders; therefore, the shares shall be of equal value and confer the same rights and obligations to their holders.

The ordinary shares may be acquired by Brokers, Clearing Members and other individuals or entities authorized by the Exchange in terms of its bylaws. Clearing Members must always be Exchange's shareholders.

The Clearing House.

The Clearing House, i.e., Asigna, Clearing and Settlement (*Asigna, Compensación y Liquidación*) - hereinafter "Asigna", is an administration and payment trust, constituted under the authorization of the Ministry of Finance and Public Credit, and its purpose is to act as counterparty in each transaction held in the Exchange, as well as to clear and settle Futures Contracts, Option Contracts and Swaps Contracts. Trust: Contract by which an individual or an entity transfers the ownership of part of his/its assets to a fiduciary institution to complete a legal objective that the individual or entity establishes in the respective contract.

The parties involved in a trust are:

- Trustor - person who owns the assets or rights transferred to the trustee to complete a legal purpose, with legal capacity to be obligated and sell the

assets.

- Trustee - institution authorized to act as such and to whom the domain of the assets subject to the trust is transmitted, with the obligation to carry out the purposes for which such assets were affected.
- Beneficiary - person who receives the benefit from the trustee or who receives the remnants once the purpose is fulfilled.

Asigna's trustors are, firstly, the Clearing Members who have contributed the equity of the House and perform settlement functions before Brokers and Clients.

Secondly, the Patrimonial Members, who are persons authorized to invest in the House's equity.

Asigna's trustee is BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer (*BBVA Bancomer, S.A. Multiple-Service Bank, Financial Group BBVA Bancomer*), institution that was selected through a request for tender process.

Asigna's beneficiaries are the Clearing Members.

The Clearing House's Trusts shall be considered irrevocable for the trustor while there are pending obligations to be covered and their duration shall be indefinite or the one necessary for the fulfillment of their purposes.

The formation of a Technical Committee, the rules for its integration and operation and its powers shall be provided in the constitutive act of these trusts.

The National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*) is in charge of the supervision of the Clearing Houses.

The Clearing House issues rules to be observed by the Clearing Members in the settlement of the Futures Contracts and the Option Contracts, monitors that the agreed terms and conditions are dully and properly met in the transactions and implements mechanisms and systems that seek to eliminate the risk of breach of obligations to give security and confidence to the Market (Internal Regulations and Operating Manual).

Clearing Members.

Clearing Members are trusts whose purpose is to enter into Contracts, in the Exchange and in the Clearing House, on their own and/or on behalf of third parties, and to be jointly obliged before such Clearing House for their Clients' obligations.

Credit institutions and brokerage firms wishing to act as trustees in trusts that are intended to operate as Clearing Members must obtain, for each trust, the corresponding approval from the Exchange and the Clearing House, under the terms provided in the corresponding Exchange's and Clearing House's internal regulations, which includes their registration in the Exchange's Register of Brokers and Clearing Members and their registration in the Clearing House's Register of Clearing Members.

Credit institutions and brokerage firms wishing to act as Clearing Members must send to the Ministry of Finance and Public Credit the Exchange's and the Clearing House's approvals.

The Ministry of Finance and Public Credit, after hearing the opinion of the National Banking and Securities Commission and the Bank of Mexico, reserves the right to veto the aforementioned approvals if it considers that the trustors or the members of the Technical Committee do not have sufficient technical or moral quality for the performance of their duties, or when the approval procedure has not been adjusted to the corresponding Exchange's and Clearing House's internal regulations. If within 90 calendar days, counted from the date of the reception of the approvals and the requested documentation, the Ministry of Finance and Public Credit does not exercise its veto right, the respective trust may begin operations.

Brokers.

Brokers are entities that may or may not be Exchange's members, whose function is to act as commission agents for one or more Clearing Member(s) and, where applicable, as Managers of Global Accounts in the conclusion of Futures Contracts, Option Contracts and Swap Contracts, and they can access the Exchange's Electronic Trading System for the conclusion of such contracts.

When Brokers carry out Futures Contracts, Option Contracts and Swap Contracts on their own they act as Clients.

There is a type of Brokers called Market Makers. They are the entities that obtain approval by the Exchange to act as such, and that must permanently and on their own keep buying and selling quotes for Futures Contracts, Option Contracts and Swap Contracts.

Brokers must get their registration in the Exchange's Register of Brokers and Clearing Members once they have met the requirements established to that effect by the Exchange's Internal Regulations.

Brokers must enter into a contract with at least one Clearing Member through which they are obliged to respond jointly before the Clearing House for the transactions carried out by the Broker on its own.

Brokers who conduct Transactions on behalf of third parties must sign a mercantile commission contract with a Clearing Member which shall establish, among others, which they will be commission agents for the Clearing Member for the purposes of the settlement of Futures Contracts, Option Contracts and Swap Contracts.

1.2 REGULATORY AND SELF-REGULATORY FRAMEWORK OF THE ORGANIZED FUTURES AND OPTIONS MARKET IN MEXICO.

The financial authorities responsible for issuing the regulation of the organized derivatives market in Mexico are the following:

- Ministry of Finance and Public Credit
- National Banking and Securities Commission
- Bank of Mexico

On December 31, 1996, the Ministry of Finance and Public Credit, the National Banking and Securities Commission and the Bank of Mexico decided to issue the "Rules to which the participants of the Derivatives Contracts' Market must be subjected", which have been modified by resolutions published in the Official Journal of the Federation on August 12 and December 30, 1998, December 31, 2000, May 14, 2004, May 19, 2008, August 24 and November 25, 2010, October 13, 2011 and May 15, 2014, respectively.

Also, on December 15, 2015, the National Banking and Securities Commission, in order to preserve the derivatives market's liquidity, solvency and stability, issued the "Prudential provisions to which the participants of the Derivatives Contracts' market must be subjected."

Exchange Regulation.

- 1) Rules to which the corporations and trusts that participate in the establishment and operation of an exchange-traded futures, options and swaps market must be subjected.
- 2) Prudential provisions to which the participants of the exchange-traded futures, options and swap market shall be subjected.
- 3) Their Bylaws.
- 4) Internal Regulations and Operating Manual of the respective Exchange.
- 5) Law of Commercial Corporations (*Ley General de Sociedades Mercantiles*).
- 6) Stock and commercial uses and practices. Repeated activities within a corporation which given their reiteration, acceptance and permanence acquire legal force, appearing as mandatory.
- 7) Federal Civil Code.
- 8) Federal Code of Civil Procedures.

Clearing House Regulation.

- 1) Rules to which the corporations and trusts that participate in the establishment and operation of an exchange-traded futures, options and swaps market must be subjected.
- 2) Prudential provisions to which the participants of the exchange-traded futures, options and swap market shall be subjected.

- 3) Their Trust Agreement.
- 4) Internal Regulations and Operating Manual of the respective Exchange.
- 5) Internal Regulations and Operating Manual of the respective Clearing House.
- 6) Provisions of commercial and banking laws.
- 7) Federal Civil Code.

Clearing Member Regulation.

- 1) Rules to which the corporations and trusts that participate in the establishment and operation of an exchange-traded futures, options and swaps market must be subjected.
- 2) Prudential provisions to which the participants of the exchange-traded futures, options and swap market shall be subjected.
- 3) Their Trust Agreement.
- 4) Internal Regulations and Operating Manual of the respective Exchange.
- 5) Internal Regulations and Operating Manual of the respective Clearing House.
- 6) Provisions of commercial and banking laws.
- 7) Federal Civil Code.

Broker Regulation.

- 1) Rules to which the corporations and trusts that participate in the establishment and operation of an exchange-traded futures, options and swaps market must be subjected.
- 2) Prudential provisions to which the participants of the exchange-traded futures, options and swap market shall be subjected.
- 3) Their Bylaws (In the case of corporations).
- 4) Internal Regulations and Operating Manual of the respective Exchange.
- 5) Internal Regulations and Operating Manual of the respective Clearing House.
- 6) Provisions of commercial and banking laws.

7) Federal Civil Code.

Brokerage firms and banks acting as Brokers are also regulated by the documents issued to those institutions related to the conclusion of derivative financial transactions.

1.3 MINIMUM CAPITAL AND EQUITY FOR PARTICIPANTS IN THE ORGANIZED DERIVATIVES MARKET IN MEXICO.

Minimum Capital of the Exchanges.

Exchanges must, at all times, maintain a minimum capital in national currency equivalent to four million UDIs (Investment Units – *Unidades de Inversión*). This minimum capital must be fully subscribed and paid. The minimum capital must consist of shares without withdrawal rights.

Exchanges require authorization from the National Banking and Securities Commission to invest their capital in securities that represent the corporate capital of corporations that provide to them complementary or auxiliary services in their administration or in the conclusion of their object.

Minimum Equity of Clearing Houses.

Each Clearing House's equity shall be comprised of at least the minimum equity, the Margins Fund and the Clearing Fund.

The minimum equity shall be the equivalent in national currency to fifteen million UDIs.

One hundred percent of the minimum equity must be contributed in cash and remain invested in bank demand deposits, government securities with maturity of less than 90 days or repurchases on those securities with the same maturity. Notwithstanding the foregoing, up to ten percent of the minimum equity and its surplus may be invested in other assets approved by the Authorities.

Liquid funds, securities, yields and other accessories that are generated in connection with the investment of the trust's equity, as well as the rights and other resources which are delivered to the trust for the fulfillment of its purposes, shall be fully identified and separated for each trustor.

Margins Fund: Fund constituted in the Clearing House with the Margins submitted by the Clearing Members to the Clearing House for each Open Contract.

Clearing Fund: Fund established at the Clearing House with resources additional to the Margins that the Clearing House requests to the Clearing Members for the equivalent of ten percent of those Margins, as well as any other amount that it requires from them for this fund.

The cash kept in the Clearing Fund and the Margins Fund must be invested in bank demand deposits, government securities with maturity of less than 90 days or

repurchases on such securities with the same maturity, and in other securities, where applicable, approved by the Authorities.

Limit for the participation in the Exchanges' corporate capital and in the Clearing Houses' equity.

No individual or corporation may acquire directly or indirectly, through one or more transactions of any nature, simultaneous or successive, the control of Exchanges' common shares or Clearing Houses' certificates of trust rights, - which involve control through the respective Technical Committee - for more than five percent of the total of such shares or certificates. The Ministry of Finance and Public Credit, after hearing the opinion of the National Banking and Securities Commission and the Bank of Mexico, may authorize, when it considers it justified, a higher percentage.

The aforementioned limit shall also apply to the acquisition of control by entities that the Ministry of Finance and Public Credit considers for these purposes as a single person.

The authorization of the Ministry of Finance and Public Credit shall be required so that any group of persons, which in the opinion of such Ministry are linked, acquire, directly or indirectly, through one or more transactions of any nature, simultaneous or successive, control of the companies incorporated to act as Exchanges or of the trusts – through the respective Technical Committee - that are intended to operate as Clearing Houses.

Minimum Equity of Clearing Members.

Proprietary

Clearing Members that settle Futures Contracts or Option Contracts or Swap Contracts exclusively on their own, shall at all times maintain a minimum equity, which will be the greater of:

- a. The equivalent in national currency to two million five hundred thousand UDIs, or
- b. Two percent of the sum of all Margins that the Clearing Member concerned maintains in the Clearing House for each Open Contract.

One hundred percent of the minimum equity of the trust must be provided in cash and remain invested in bank demand deposits, government securities with a maturity of less than 90 days or repurchases on such securities with the same maturity. Notwithstanding the foregoing, up to thirty percent of such equity and its surplus may be invested in Exchanges' shares and Clearing Houses' certificates of trust rights, as well as in other assets approved by the Authorities.

The Contributions that the Clearing Member makes to the Margins Fund and to the Clearing Fund will not count as minimum equity.

Third-party

Clearing Members that settle Futures Contracts or Option Contracts or Swap Contracts on behalf of third parties, shall at all times maintain a minimum equity, which will be the greater of:

- a. The equivalent in national currency to five million UDIs, or
- b. Two percent of the sum of all Margins that the Clearing Member concerned maintains in the Clearing House for each Open Contract.

One hundred percent of the minimum equity of the trust must be provided in cash and remain invested in bank demand deposits, government securities with a maturity of less than 90 days or repurchases on such securities with the same maturity. Notwithstanding the foregoing, up to thirty percent of such equity and its surplus may be invested in Exchanges' shares and Clearing Houses' certificates of trust rights, as well as in other assets approved by the Authorities.

The contributions that the Clearing Member makes to the Margins Fund and to the Clearing Fund, as well as the Excess Margins will not count as minimum equity.

Minimum Capital of Brokers.

Brokers must have a minimum capital equivalent in national currency to one hundred thousand UDIs, except when they manage Global Accounts in which case this capital must be at all times of at least one million UDIs. The aforementioned capital must be invested in bank demand deposits, government securities with a maturity of less than 90 days or repurchases on these securities with the same maturity. The investments that the Broker makes in the Exchange's capital shall count as part of the aforementioned capital.

1.4 Derivatives Exchange's and Clearing House's Corporate and Organizational Structure.

Corporate Structure of the Exchange.

- Shareholders Meeting. Board of Directors.
- Commissioner.
- Executive Committee.
- Auditing Committee.
- Admission and New Products Committee.
- Compliance and Ethics Committee. Disciplinary Measures and Arbitration Committee.
- Clearing House Committee.

- Certification Committee. Promotion Committee. Chief Executive Officer.
- Compliance Office.

Organizational Structure of the Clearing House.

- Trustors Board.
- Technical Committee.
- Admission and Risk Management Subcommittee.
- Administration Subcommittee.
- Auditing Subcommittee. Compliance and Ethics Subcommittee. Disciplinary Measures and Arbitration Subcommittee.

1.5 Principles of the organized Derivatives Market in Mexico

Clearing Members, Brokers and Accredited Personnel, in the performance of their duties, must comply with the following principles:

- I. Comply with the applicable regulations issued by the Authorities and by the Exchange, as well as with healthy uses and market practices.
- II. Allow free supply and demand in the market, promoting its liquidity and preserving the adequate formation and dissemination of prices.
- III. Not engage in activities that constitute legal or ethical violations, or conceal illegal or unethical behaviors of which they are aware.
- IV. Give priority to the interests of third parties.
- V. Avoid conflicts of interest with their Clients when making decisions and, if these are unavoidable, they should solve them without any privileges in favor of any of the parties involved.
- VI. Provide their Clients with all the information that is relevant in order to make an informed decision to participate in the market.
- VII. Use only public information.
- VIII. Manage and control the risks of the transactions in which they are involved.

1.6 DISCIPLINARY MEASURES.

Violations to the Exchange's and Clearing House's Regulations will result in the

implementation of the disciplinary measures to be imposed by the Board of Directors or the Technical Committee, respectively, through the Disciplinary Measures and Arbitration Committee or Subcommittee or the Chief Executive Officer, as appropriate, in terms of the Regulations.

The Disciplinary Measures and Arbitration Committee or Subcommittee may impose the following disciplinary measures:

- Warnings;
- Monetary penalties;
- Suspensions;
- Revocations, and
- Exclusions.

The corresponding Chief Executive Officer may impose the following disciplinary measures:

- Warnings
- Monetary penalties
- Revocation of the accreditation

Types of infringements

- Serious:
 - Fines.
 - Revocation.
 - Exclusion.
- Not Serious:
 - Reprimands.

Recidivism

It shall be regarded as recidivism when a Clearing Member or Broker commits two or more infringements of the same type within a period of 15 months counted from the deadline to fulfill an obligation.

1.7 DISPUTES RESOLUTION.

Disputes may be resolved through conciliation or, where appropriate, arbitration in the cases that are mentioned below:

- Disputes that arise between Clearing Members, Brokers or between both of them.
- Disputes that arise between a Client and a Clearing Member or Broker.

The conciliation procedure or, where appropriate, the arbitration procedure shall be mandatory for Clearing Members and Brokers and optional for Clients.

Clearing Members, Brokers and their Clients shall have a period of one year counted from the day on which the events underlying the dispute occur to request the Disciplinary Measures and Arbitration Committee to initiate conciliation or, where appropriate, an arbitration procedure.

1.8 OVERSIGHT

In the Derivatives Exchange.

The Exchange shall monitor, through the Compliance Officer and the persons designated by him, the compliance with the Regulations and the Operating Manual, as well as with the regulations applicable in general, by the Clearing Members and Brokers and their Accredited Personnel.

It shall also monitor that the Clients, employees, officers, directors and members of the Exchange's and Clearing House's committees comply, as applicable to them, with the regulations mentioned in the previous paragraph.

The surveillance function shall be performed by the Exchange through the following means:

I. Monitoring of the operative systems.

The operative systems are those that the Exchange establishes in order to register and monitor transactions, assess risks and observe transactions carried out in the Electronic Trading System.

II. Audits to Clearing Members and Brokers.

The audits shall consist of revisions to the Clearing Members and Brokers and the Clearing House in order to ensure that they comply with the requirements established in the Regulations, the Operating Manual and the applicable rules.

III. Information requirements.

Information requirements shall consist of the request for documents regarding the activities of the Clients, the Clearing Members, the Brokers and the Clearing House, in order to verify compliance with the applicable regulations.

- IV. Any other system or means determined by the Board.

In the Clearing House.

The surveillance functions shall be performed by the Clearing House through the following means:

- I. Monitoring of the clearing and settlement systems and account management system. The clearing and settlement systems are those that the Clearing House establishes in order to monitor the registration of Transactions, Open Contracts and other activities performed by the Clearing Members and, where appropriate, by the Brokers.
- II. Audits to Clearing Members and Brokers that manage Global Accounts. The audits shall consist of revisions to the Clearing Members and Brokers that manage Global Accounts, in order to ensure that they comply with the requirements established in the Regulations, the Operating Manual, in the applicable regulations as well as in their general operative plans and policy manuals, operative procedures, risk control and liquidity.
- III. Information requirements. The information requirements shall consist of the request for documents regarding Clearing Members' and Brokers that manage Global Accounts' activities, in order to verify compliance with the applicable regulations.
- IV. Risk assessment and extreme scenarios.
- V. Any other system or means determined by the Technical Committee.

1.9 ACCREDITED PERSONNEL

Accredited Personnel is defined as those people who have been designated by the Clearing Members and Brokers as Promoters, Desk Traders, Risk Managers and Accounts Managers, and who have been accredited by the Exchange.

Requirements for Desk Traders.

- Document from the Broker's or Clearing Member's Legal Representative accredited before MexDer, in which they appoint the Accredited Personnel.
- Testimony or certified copy of the public deed stating the powers granted to the Desk Trader(s) to act in MexDer.

- Statement signed by the Desk Trader(s) who they wish to accredit, by which they are obliged to comply with all the rules and regulations issued by the Authorities, the Exchange and the Clearing House.
- Document issued by the Broker's Secretary of the Board of Directors or, where appropriate, by the Clearing Member's Fiduciary Delegate, recording the signature of the Desk Trader(s).
- Certification to act as Desk Trader. Document issued by the Certifying Institution.
- Certification that records that the Desk Trader(s) took the course for using the Electronic Trading System.

Requirements for Promotion Agents.

- Document from the Broker's or Clearing Member's Legal Representative accredited before MexDer, in which they appoint the Accredited Personnel.
- Testimony or certified copy of the public deed stating the powers granted to the Promoter(s) to act in MexDer.
- Statement signed by the Promoter(s) who they wish to accredit, by which they are obliged to comply with all the rules and regulations issued by the Authorities, the Exchange and the Clearing House.
- Document issued by the Broker's Secretary of the Board of Directors or, where appropriate, by the Clearing Member's Fiduciary Delegate, recording the signature of the Promoter(s).
- Certification to act as Promoter. Document issued by the Certifying Institution.

Requirements for Risk and Accounts Managers

- Document from the Broker's or Clearing Member's Legal Representative accredited before MexDer, in which they appoint the Accredited Personnel.
- Statement signed by the Risk or Accounts Manager(s) who they wish to accredit, by which they are obliged to comply with all the rules and regulations issued by the Authorities, the Exchange and the Clearing House.
- Certification to act as Risk or Accounts Manager. Document issued by the Certifying Institution.

2. Trading on MexDer, Mexican Derivatives Exchange.

In terms of operation, the Mexican Derivatives has several peculiarities, which is necessary to know before conducting any transaction.

2.1 PRODUCTS LISTED ON MEXDER.

Listed and mentioned below are the main features of the Futures Contracts and Options Contracts currently traded on MexDer:

Futures:

	FUTURES CONTRACTS	TICKER
CURRECIES	United States of America-Dollar	DA
	Legal currency of the European Monetary Union	EURO
INDEX	IPC Index of the BMV (Mexican Stock Exchange Index)	IPC
	MINI IPC Mexican Stock Exchange Index	MIP
INTEREST RATES	28 day Interbank Interest Rate	TE28
	91 day Treasury Bill Certificate	CE91
	3 Year Bond	M3
	10 Year Bond	M10
	20 Year Bond	M20
	30 Year Bond	M30
	M 181213 Bond	DC18
	M 210610 Bond	JN21
	M 241205 Bond	DC24
	M 310529 Bond	MY31
	M 421113 Bond	NV42
	10 year Interest Rate Swap Futures (<i>Centrally Cleared Swaps</i>)	SW10
	2 year Interest Rate Swap Futures (<i>Centrally Cleared Swaps</i>)	SW02
SINGLE STOCKS	América Móvil L	AXL
	Cemex CPO	CXC
	Femsa UBD	FEM
	Gcarso A1	GCA
	GMEXICO	GMEX
	Walmex V	WAL
	MEXTRAC09	MEXT
COMMODITIES	Yellow Corn Futures	MAÍZ

http://www.mexder.com.mx/wb3/wb/MEX/contratos_futuro

Options:

	OPTIONS CONTRACTS	TICKER
INDEX	Futures on the Mexican Stock Exchange Index	<u>IP</u>
SINGLE STOCKS	ALFA A	<u>AL</u>
	América Móvil L	<u>AX</u>
	Cemex CPO	<u>CX</u>
	FEMSA UBD	<u>FE</u>
	GMéxico B	<u>GM</u>
	ICA	<u>IC</u>
	LALA B	<u>LL</u>
	MEXCHEM	<u>MC</u>
	Naftrac ISHRS	<u>NA</u>
	PE&OLES	<u>PE</u>
	PINFRA	<u>PI</u>
	Tlevisa, CPO	<u>TV</u>
	Walmex V	<u>WA</u>
ETF'S	ETF'S Specific Terms	<u>ETF</u>
	iShares S&P 500 Index	<u>IVV</u>
CURRENCIES	United States of America-Dollar	<u>DA</u>

http://www.mexder.com.mx/wb3/wb/MEX/contratos_opcion

Swaps:

SWAP CONTRACT	
Features of the Contract	Nominal Fixed Interest Rate and Nominal Variable 28-Day Interbank Equilibrium Interest Rate (TIIE28) Swap Contract. SWAP
Contract Size	\$100,000.00 Pesos (One Hundred Thousand Mexican Pesos 00/100)
Series	There will be no Series for Swap Contracts. Number of coupons by 28 days.
Trading Symbol	# of Coupons x 1 EJ 130 x 1
Tick	0.0025 of the annual rate (1/4 Basis Point)
Unit quoted	Nominal Fixed Interest Rate expressed in percentage points with four digits after the decimal point.
Maximum price fluctuation (Tick)	There will be no maximum fluctuation of the Rate during a single trading session.
Trading hours	7:30 to 14:00 hours, Mexico City time (GMT -06:00).
Last day of trading and maturity date	The day on which the Variable Rate that will be used for the exchange of cash flow of the last Periodic Settlement Date of the TIIE Swap Contract is determined.
Settlement day	Next business day after maturity date.

http://www.mexder.com.mx/wb3/wb/MEX/contratos_swaps

2.2 GENERAL CONTRACT CONDITIONS

The General Contract Conditions (hereinafter "CGC's") are the means by which the Exchange establishes the rights and obligations, as well as the terms and conditions to which the Clients, Clearing Members and Brokers shall be subjected, with respect to the conclusion, clearing and settlement of one or more Classes.

The CGC's specify the characteristics of each one of the Contracts listed on MexDer, as are the following: the underlying, size and type of contract, settlement characteristics, trading hours, ticker symbol, quotation unit and minimum fluctuation of the quotations, among others.

Thus, the Futures, Options and Swap Contracts listed on MexDer have standardized characteristics. Approval from the competent Authorities is required in order for them to be published and enter into force.

2.3 TRADING AT A RATE OF YIELD, NOT PRICE.

In Mexico, by use and custom, the fixed income market has operated based on a return rate, which is why the TE28 and CE91 Futures Contracts are traded on the Trading System with a return rate.

2.4 MEXDER ELECTRONIC TRADING SYSTEMS.

Today MexDer uses the RTD electronic trading system, licensed by RTS Real Time Systems Inc., which began to be used as of January, 2009. Currently, the Futures Contracts, Options Contracts and Swap Contracts are traded through the RTD.

2.5 HYBRID TRADING.

The trading of Futures Contracts, Option Contracts and Swap Contracts in MexDer is done electronically; however, the Market Makers have an assistance service via telephone, by which they seek assistance from MexDer's Trading Area staff.

2.6 MARKET MAKERS

They are Brokers who obtain approval from the Exchange to act in such capacity. For that reason, Market Makers sign the Liquidity Terms and Conditions where they oblige to:

- Permanently keep, on their own, buying and selling quotations (with a maximum spread, minimum amount and in a certain number of maturities) in the Futures Contracts and/or Option Contracts and/or Swap contracts in which they are registered to perform this function.

- Trade a monthly minimum volume.

The following are transactions that are exclusive of the Market Makers:

- Depth.
- "Ronda".
- "Cama".

It is noteworthy that the Exchange and its shareholders will not be liable to any Market Maker for any losses, damages, costs and expenses suffered or incurred, nor any liability or claim that is filed against them as a result of the use of the telephone trading service.

Therefore, the Exchange shall not be liable, under any circumstances, for committing errors arising from the capture and registration of Postures or execution of orders in the Electronic Trading System.

2.7 TYPES OF TRADES

The various types of transactions that exist in MexDer are listed below, as well as the operation and usefulness of each one of them.

- **Firm Trade.** For cases in which the contract has price quotes, it involves presenting a buying or selling Bid in the Electronic Trading System that is perfected when the price of a buying Bid is equal to or greater than that of a selling Bid or when the price of a selling Bid is equal or less than that of a buying Bid.
- In cases where the contract has rate quotes, it involves presenting a buying or selling Bid in the Electronic Trading System that is perfected when the rate of a buying Bid is equal to or less than that of a selling Bid or when the rate of a selling Bid is equal to or greater than that of a buying Bid.
- **"Cross" Trade.** Conducted by presenting a buying Bid and a selling Bid in the Electronic Trading System by the same Clearing Member or Broker, provided those Bids come from Clients.
- **"Self-entry" Trade.** Transaction held by presenting a buying Bid and a selling Bid in the Electronic Trading System by the same Clearing Member or Broker, as long as one of the Bids comes from the Clearing Member's or Broker's proprietary account, and the other comes from a Client.
- **"Cama" Trade.** In this type of transaction the proposing Market Maker is obliged to present buying and selling bids with a spread or price differential. The counterparty listening to the "cama" undertakes to carry out the transaction at the agreed differential, with an option to buy or sell.
- **"Round" Trade.** This type of transaction involves auctioning the right to hear a "cama" trade with each one of the participants in this transaction, which should be a minimum of four Market Makers and a maximum of ten.
- **Stapled Trade.** It involves presenting one single bid to trade a contract with several successive maturity dates at the same price and simultaneously.
- **"Depth" Trade.** It involves the presentation of buying or selling Bids during a specific period within a trading session at the same price of the last transaction recorded for that Series and as long as the entire volume of the Bid deployed in the Electronic Trading System has been perfected.
- **Rollover Transaction.** Strategy that involves the simultaneous buying and selling of contracts of the same class but with different series, with the idea of keeping the same position, either long or short, during the period of time that the client considers convenient.

- **Stapled trades in foreign currency (Currency Pairing).** It is a transaction that replicates a Forward-Swap, in which a purchase and a sale of Dollars with different maturities are negotiated simultaneously. This transaction, by canceling almost totally the currency risks, becomes a directional position of both local interest rate (in Pesos) and foreign interest rate (in USD).
- **"Block" Trade.** Is involves the presentation of a buying or selling firm Bid on a minimum number of Contracts determined by the Exchange through the Electronic Trading System, the telephone trading service or through the staff of the Exchange's operations area, with features that will be announced through the Bulletin.

3. Asigna, Compensación y Liquidación (Asigna, Clearing and Settlement).

3.1 INTRODUCTION

Asigna, Clearing and Settlement (*Asigna, Compensación y Liquidación*) - hereinafter "Asigna", is an administration and payment trust, established in 1998 in BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer (*BBVA Bancomer, S.A. Multiple-Service Bank, Financial Group BBVA Bancomer*), and it aims to clear and settle Futures Contracts and Option Contracts, as well as to act as counterparty in each transaction held in the MexDer, Mexican Derivatives Exchange (*MexDer, Mercado Mexicano de Derivados*) – hereinafter "MexDer".

By becoming a counterparty of the transactions carried out, Asigna obliges to comply with the regulations issued by the financial authorities of the country, as well as by MexDer, as a self-regulatory entity.

The Clearing Members and trustors of Asigna are administration and payment trusts constituted by major financial groups: Banamex, BBVA Bancomer, Scotiabank Inverlat, Santander Bank (Mexico) and J.P. Morgan Bank.

In fulfilling its role as guarantor of the transactions, Asigna manages the resources constituted as Margins Funds and Clearing Funds, for which it has personnel specialized in derivatives markets and advanced technology systems, tested internationally, for the clearing and settlement of transactions

There is also interrelation and access to other fully reliable systems for accounting, settlement and treasury management purposes.

3.2 CORPORATE STRUCTURE.

Asigna, Clearing and Settlement (*Asigna, Compensación y Liquidación*) is an administration and payment trust, established in BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer (*BBVA Bancomer, S.A. Multiple-Service Bank, Financial Group BBVA Bancomer*). Asigna's Clearing Members, who are also Trustors "A", are in turn administration and payment trusts constituted by major financial groups in the country:

- Banamex, S.A.

- BBVA Bancomer, S.A.
- Scotiabank Inverlat, S.A.
- Banco Santander (México), S.A.
- J. P. Morgan, S.A.

These trustors are Asigna's Clearing Members and they provide resources for the establishment of the Clearing House's Equity, as well as of the Clearing Fund and the Margins Fund. The Mexican Stock Exchange, (*Bolsa Mexicana de Valores, S.A.B. de C.V.*) and Participations Group BMV, S.A. de C.V. (*BMV Holdings Group*) are Trustors "B" in Asigna.

Asigna's highest governing body is the Board of Trustors, which establishes the manner in which the Trust's Equity is established, the purposes for which it will be allocated and it delegates the administrative decisions to the Technical Committee, which is composed of Clearing Members' representatives, Patrimonial Members and independent Members; all of them have as a main function to continuously review the administrative and operative decisions for the administration of the Equity.

Trusts have characteristics that differentiate them from Corporations or Limited Companies: they have no legal personality; they have an equity "in trust" aimed at certain predetermined purposes. Asigna, in its capacity as an administration and payment trust, is intended to cover the commitments incurred by its trustors as a result of their transactions, either on their own or on behalf of third parties.

The administration of Asigna's operative functions, such as the clearing and settlement of transactions, the investment of resources and the risk monitoring are performed through the Chief Executive Officer, who is appointed by the Technical Committee and has the role of Fiduciary Delegate.

To assist the function of the Technical Committee, there are various subcommittees, which have the character of governing bodies; these are:

- Auditing Subcommittee.
- Compliance and Ethics Subcommittee
- Disciplinary Measures and Arbitration Subcommittee.
- Admission and Risk Management Subcommittee
- Administration Subcommittee.

3.3 INCORPORATION OF CLEARING MEMBERS.

Clearing Members, as Asigna, are trusts established by the bank and/or brokerage firm of the leading financial groups in the country.

The Rules establish the possibility of constituting two types of Clearing Members. Firstly, the ones referred to as Proprietary Position Clearing Members, constituted by commercial banks or brokerage firms in order to settle Futures and Options Contracts exclusively on behalf of such institutions or brokerage firms.

Secondly, the ones referred to as Third-Party Position Clearing Members, constituted by financial institutions in order to settle Futures and Option contracts on behalf of clients or other financial entities, as Brokers.

The establishment of Clearing Members as Trusts is intended to prevent the transmission of the risk of the derivatives position to the matrix bank or financial institution in the same manner as in other types of businesses they establish subsidiaries.

As in the case of Asigna, Clearing Members are administered through a Fiduciary Delegate appointed by the Technical Committee of the trust and highest authority.

3.4 REGISTRATION AND CLEARING

a. Accounts and Sub-accounts.

The registration of transactions and the clearing of positions is performed in real time in Asigna. This means that the Clearing House is continuously receiving transactions from the market and the positions of the target accounts are immediately updated. In some markets the Clearing House receives transactions at the end of the trading session.

The entities that participate in the derivatives market are enlisted in the House through a proprietary account, a third party account and the required sub-accounts.

The registration of transactions is performed at the sub-accounts level since in the third parties account each sub-account corresponds to an individual client, and in the proprietary account each sub-account corresponds to a set of transactions that the institution wishes to maintain separate from the rest. The registration at sub-account level is a net record.

At an aggregate level, i.e. of the proprietary account and of the third parties account, the clearing and the margining are made grossly. Thus, no contribution requirements that correspond to different entities or persons are cleared.

The calculation of the settlement is made at the level of the proprietary account and the third parties account, but in a net manner, i.e., clearing the cash flows by the different settled concepts.

b. Global Accounts.

It is possible to operate in the market through Global Accounts managed by Clearing Members or Brokers, to whom certain capital requirements are required which are higher than those required to other Brokers (one million UDIs).

In Global Accounts the registration is individualized, the clearing, the margining and the settlement are made in a net manner. However, at a Global Account level the clearing and the margining are made grossly, not the settlement though.

In Global Accounts, the members, together with the administrator and the Clearing Member, are jointly liable with the other participants and their contributions can be used to cover any breaches of any of them. For tax purposes, Clearing Members perform the withholding and issue withholding certificates.

c. Accounts similar or analogous to Global Accounts in Foreign Financial Institutions.

The clearing and the margining of accounts that can be held by Foreign Financial Institutions with analogous or similar characteristics to those of Global Accounts is different. These accounts are cleared at an aggregate level in a brute manner, but the margining and the settlement are made in a net manner.

3.5 SETTLEMENT

a. Daily Settlement.

Asigna performs a "mark to market" settlement process, i.e. it daily updates the Clearing Members' rights and obligations. The Daily Settlement is understood as those sums of money that must be requested, received and delivered daily, as applicable, and that result from the daily valuation carried out by the Clearing House for the variations in the Closing Price of each Open Contract with respect to the Closing Price of the immediately preceding Business Day or, if applicable, with respect to the conclusion price.

Under this scheme, the credit or debt balances that the Clearing Members generate in a trading day are settled between 9:00 and 10:00 hrs. of the following day through the Electronic Interbank Payment System (SPEI).

The following concepts are subject to Daily Settlement:

- a.** The profits and losses resulting from the variation in the Daily Settlement Price of the Futures Contracts during their term and until the Maturity Date.
- b.** The Premiums agreed upon in the trading of the Option Contracts.
- c.** The intrinsic value of the Option Contracts whose payment or settlement has been agreed upon by difference, early exercise and/or at the assigned maturity.
- d.** The Margins corresponding to the Open Contracts, including the returns generated based on the calculation of that day.

- e. The calculation of the Margins will always consider the amount of securities delivered to the Clearing House for such concept, according to the valuation it carries out.
- f. The contributions for the establishment of the Clearing Fund and the returns they generate based on the calculation of that day.
- g. The fees and commissions (including VAT) for the services provided by the Clearing House, which shall be calculated daily and settled monthly.

The total net amount derived from the concepts described in each section shall integrate individually a daily balance and it shall be paid or collected only in cash. The settlements shall be calculated taking into account the value of the Contributions in securities and in cash held by Asigna at the time of the settlement.

It is noteworthy that Asigna delivers to the Clearing Members 100% of the returns earned for the investment of the Margins and the Clearing Fund. The Clearing Fund is updated daily and is calculated as a percentage of each Clearing Member's contribution to the Margins Fund of (10%) or the average of the last 30 days of the Clearing Fund (whichever one is greater).

In the US markets the Clearing Fund is updated once a month from the Clearing Member's trading volume. The movement of these funds is billed as an independent obligation; therefore, it is not integrated in the reports of the House.

b. Extraordinary Settlement.

When there are unstable conditions in the trading of the Underlying Asset or when one or more Clearing Members increase considerably their Open Contracts, Asigna may require them, during the trading hours, to reduce the Open Contracts that they have in their accounts or, where applicable, to modify their Margins through an Extraordinary Settlement.

Asigna executes extraordinary settlements (also called intraday margin calls) when it detects that the price movements of a contract generate potential losses equivalent to 75% of the Margins of such product. The call is made for all the products even if only one of them is registering extreme volatility. Clearing Members have an hour to make the corresponding settlement after the notice is received.

The extraordinary settlement shall only be covered in cash and may be required at any time during the trading session (from 7:30 a.m. to 12:45 p.m.) at the Clearing House's discretion, as part of its extraordinary powers. In the case of an Extraordinary Settlement, the Clearing House takes into account the Margins in securities to cover potential losses before making the request.

The extraordinary settlements are a common practice in all derivatives markets but each one sets the parameters that originate the call. In Canadian markets extraordinary settlements are executed systematically one or more times a day as part of the operative procedures.

c. Settlement at Maturity.

The Open Futures Contracts at the closing of the trading session on the Maturity Date and the Option Contracts that the Clearing Member with long positions instructs shall be subject of settlement at maturity. The Transactions shall be settled in cash or in kind as determined in the General Contract Conditions.

The settlement at maturity of Futures Contracts and Options Contracts on currencies, whose General Contract Conditions so provide, shall be made in kind through an agent bank that has offices in Mexico and in the country of origin of the currency on such Contract.

Based on the foregoing, the Clearing House shall have a deposit account with the agent bank, which must have the ability to perform the corresponding transactions in an efficient and orderly manner, and have financial capacity to ensure the delivery and reception of the currency.

Clearing Members who trade Futures and Options Contracts on currencies must certify the opening of a deposit account in the country of origin of the currency.

The settlement at maturity of the Futures Contracts and Options Contracts on shares shall be made in kind in a brute manner through an agent brokerage firm, so each Clearing Member shall have a securities account in the agent brokerage firm, which must have the capacity to perform the corresponding registration transactions or any other transfer mechanism approved by the Authorities in the Mexican Stock Exchange and carry out the settlement in accordance with the rules in force at Indeval.

Finally, the settlement of the Futures Contracts on bonds shall be made through the delivery of the corresponding bond in the delivery period established in the General Contract Conditions, during the last month of validity of the Contract.

When a Clearing Member intends, on its own or on behalf of its clients and Short Position Brokers, offer the bond object of the Contract, they must request it in turn to the Clearing House through the means established in the Operating Manual.

As part of its processes the Clearing House shall select in chronological order the Long Position(s) to which the purchase of the bond object of the Contract shall be allocated, and shall inform the Clearing Member that manages the selected position. In case of a tie in the opening date of the Long Position, the allocation shall be made randomly to achieve the tiebreaker.

3.6 BROKERS

Brokers are all the institutions or persons who are authorized to trade in the Mexican Derivatives Exchange and therefore have access to the trading systems. Brokers can act on their own, on behalf of third parties or as Managers of Global Accounts. In any case, Brokers must hire the services of a Clearing Member.

When trading on their own or on behalf of third parties, the Clearing Member performs

the Broker's account and resource management and performs the settlement transactions that apply. The Clearing Member also conducts the tax withholdings that proceed.

For the proper fulfillment of the obligations arising from the Margins that result from the Broker's positions, the Clearing Member requests them, and does so early, resources that go beyond the resources requested by the Clearing House. These resources are called Excess Margins. They are calculated as a percentage in excess of the requirements of AIM depending on the Broker's nature and solvency (and if applicable also of the client), and allow the Clearing Member to cover to the Clearing House the daily or extraordinary settlements. When the Clearing Member requires resources from the Broker, they are taken from its Surpluses; when the Clearing Member receives funds in favor of the Broker, they are certified as Surpluses. If the Surpluses decrease beyond what was agreed with the Broker, the Clearing Member will require new resources; if the Surpluses accumulate the Broker has the possibility of removing them.

When the Broker acts as Manager of Global Accounts, the Broker has the possibility of administering the Margins and therefore, the Surpluses. However, they must hire the services of a Clearing Member to perform these tasks that only the Clearing Member is authorized to perform, including the settlement before the Clearing House and the implementation of the Safety Net when it is needed.

3.7 MARGINS (INITIAL MARGIN CONTRIBUTIONS)

The Contributions that each Clearing Member shall deliver to the Clearing House for each Open Contract are called Margins (AIM's).

The words margin or margins are used for purposes of theoretical analysis, risk management or colloquially, but they are not used for legal purposes.

The AIM's have the nature of a resource that is delivered to the Clearing House in advance with the purpose to cover the commitments of a specific account as a result of the transactions carried out. As such, they can be used immediately as established by the Asigna's Regulations and its Safety Net.

Moreover, in international markets the concept of margin has different meanings, some of them related to loans granted by intermediaries to operate in the spot market. This type of transaction is not authorized in the Mexican market. In sum, the AIM's and margins in its meaning of applicable resources to cover a derivatives position are the same for all purposes except for legal documentation.

Contrary to what happens between the concepts of margin and AIM's, there are differences between the AIM's and the concept of guarantees. The AIM's do not have the nature of guarantees since the latter, under Mexican law, require a trial in order to be exercised and settled. If the AIM's were guarantees, the market would be limited to and it would always be at risk of potential accumulation of losses. In its legal form, the AIM's can be applied immediately to cover the obligations arising from the trading as they were delivered for this purpose.

3.8 MARGINING MODEL OR DETERMINATION OF INITIAL MARGIN CONTRIBUTIONS

a. Margining Model.

Asigna uses the "Theoretical Intermarket Margin System" (TIMS) model, which aims to determine the resources required for each one of the portfolios in order to mitigate the risks associated with movements in the risk variables of the Futures Contracts and Option Contracts; the foregoing, considering the portfolio diversification effect.

TIMS organizes all kinds of Futures Contracts and Option Contracts related to the same underlying in Class Groups and all the Class Groups whose Underlying Assets remain highly interrelated in Product Groups. The latter are made up of four different components: The Positions in Delivery Margin, the Opposite Positions Margin, the Premium Margin and the Risk Margin (Class Group and Product Group).

The valuation models of options in the TIMS model are used to determine the theoretical premiums from the simulation of movements in the prices of the Underlying Assets corresponding to each one of the Option Contracts. For this purpose, the Maximum Expected Variation (VME) is considered as a reference, with five prices up and five down. The models generate theoretical premiums, implicit volatilities and sensitivity indicators of each one of the series of the Option Contracts, intraday and at the closing of the market.

b. Maximum Expected Variation.

It allows determining the risk by simulating movements in the prices of the Underlying Asset. The Maximum Expected Variation is calculated considering the volatility and some other relevant statistical analysis, such as Montecarlo simulation, historical model and parametric model for each Underlying Asset. Thus, this parameter, a fundamental input for the TIMS model, defines the maximum possible fluctuation of the prices for a day, giving a specific level of confidence.

c. Margins.

The Margins are resources required by the Clearing House, which are determined through the TIMS model and serve as guarantee to cover the obligations associated with the open positions and contracts pending settlement with delivery in kind that the market's participants keep in portfolio. These resources are constituted in securities and/or cash in a Margins Fund, administered by Asigna, in accordance with the applicable financial regulations.

d. Individual Margin.

For the open positions on futures, it represents the resources required per contract. In the case of open positions on options the concept is not applicable, since the resources required per contract vary as the theoretical premiums simulation is performed.

e. Opposite Margin.

The Opposite Margin is required by the Clearing House to cover the risk of imperfect interrelation between Short and Long Positions of a Class of futures with different maturities. The requirement for the concept of Opposite Margin, considering the remaining risk and after clearing the Short and Long Positions of the Future is a resource of lesser magnitude than the Individual Margin, considering the interrelation between the Futures Contracts.

f. Delivery Margin.

For Futures and Option Contracts whose Settlement at Maturity is made in kind, the Clearing House requires a Delivery Margin; amount which should be sufficient to cover the market risk between the Maturity Date and the Settlement Date. In the case of contracts whose Settlement at Maturity is made in cash there is no such requirement.

g. Premium Margin.

This contribution is required only for Options Contracts. It represents the cost of settling the Option Contracts in a Class Group or Product Group at their respective market prices. Considering that the Long Positions obtain a right but no obligation with the payment of the premium, the requirement for these positions is null, and its maximum risk if the contract expires without being exercised is the total loss of the premium. In the opposite direction, the Short Position is the one assuming the obligation of the Premium AIM.

h. Risk Margin.

The Risk Margin, which includes the Futures Contracts, Option Contracts and Swap Contracts, constitutes the component that covers the market risk, determining the maximum potential loss in the face of a change in the prices of the Underlying Assets. For the specific case of Futures and Swap Contracts, ten movements are simulated in the prices of the contract, five upward and five downward, from which the settlement value for each one is obtained.

In the case of Option Contracts, movements are simulated in the prices of the Underlying Assets to obtain ten prices of the Underlying Asset, from which, and considering other variables such as the risk-free interest rate, the dividends, the exercise prices, the volatility and the maturity term of the Contract, the ten prices or theoretical values of the Option Contract are obtained and from these the settlement value.

i. Class Group Contributions.

Asigna can form class groups with the Futures Contracts, Swap Contracts and Futures and Option Contracts that have the same underlying. In the Class Group the potential losses of some contracts are compensated with the potential gains of the contracts of another class. That is, any gains that the positions in option contracts may have could cover the potential losses of positions in futures contracts on the

same underlying.

j. Product Group Contributions.

Asigna can form product groups with Futures and Option Contracts with different underlying, but with some degree of interrelation. In this case, the potential losses of some contracts are compensated with the potential gains of the contracts in opposite position of the same or another underlying. That is any gains that the positions in option contracts on an underlying could partially cover the losses of positions in futures contracts on a different but correlated underlying.

3.9 ADMINISTRATION OF COLLATERALS

Clearing Members can cover the Margins of their positions or those of their clients in securities. This is done by affecting the securities accounts of the depositors of S.D. Indeval who administer the Clearing Members' and Asigna's positions. The amount of the portfolio that the Clearing Members have deposited in favor of Asigna (after discount) is recognized in the clearing and settlement system for the purposes of calculating the daily or extraordinary settlements.

The securities accepted by Asigna as collateral and the relevant discounts table (Haircuts) are available in www.asigna.com.mx.

3.10 CREDIT RATING

Asigna has the rating of three rating agencies: S&P, Moody's and Fitch. The rating it holds is AAA under a general equivalence of the scales used by each one of them. Not all the Houses of the world have a risk rating.

Asigna's ratings, both globally and locally, are available on www.asigna.com.mx.

3.11 SAFETY NET

Asigna's Safety Net establishes the policies and procedures that allow the House to face any potential breach or violation by any of its Clearing Members and fulfill its primary function of being the counterparty in all the transactions agreed upon in MexDer.

a. Basic Scheme.

If any of the Clients of a Clearing Member fails to meet his payment obligations, the Member must detonate the internal Safety Net to cover the breached balance and even the losses generated by such breach.

This Safety Net contemplates different strata for using the available resources: the existing balances as Excess Margins under the Client's name, both in cash and in securities; the request for additional contributions to the Client; the excess of the Clearing Member's minimum equity, both in cash and in securities, without affecting the minimum amount required by the current regulations of government authorities

and of Asigna; and the closing of the Client's contracts that remain open up to the necessary level to cover the balance due, including the profits generated by such closing and the return of the resources to the Margins Fund and the Clearing Fund released by Asigna and the Excess of the Minimum Equity. As of this moment, Asigna considers that the breach comes from the Member and, consequently, Asigna's Safety Net shall be detonated, decreeing the intervention of the Member in breach, replacing its administration by an Execution Commissioner appointed by Asigna.

Asigna's Safety Net is initiated through the application of resources to the extent that they are available for subsequent requirements that finally achieve to cover the entire amount of the Clearing Member before it.

b. Structure.

The structure of Asigna's Safety Net establishes 6 large levels of resources that may be used, firstly, by the Execution Commissioner designated by Asigna and, secondly, by the House (Asigna) itself, to address non-compliance of any of the Clearing Members. In turn, each one of these levels has a series of detailed resources which may be used successively by the Execution Commissioner and Asigna, until they have fully covered the defaulted amount, thus generating a process where the risk is mutualized among all Asigna's Clearing Members.

c. Description

Once Asigna has determined the intervention of the Clearing Member in breach, by appointing an Execution Commissioner to replace the administration of such Member, the Execution Commissioner proceeds to successively use the resources available in up to six large levels, depending on the type of Clearing Member concerned (Proprietary Position or Third-Party Position) until the total defaulted amount is covered. He shall use, in this order, the following:

- Level 1: The resources of the Client in breach, if it is a Third-Party Position Clearing Member.
- Level 2: The resources of the Clearing Member in breach.
- Level 3: The resources of, if any, the other Clearing Member of the same Financial Group to which the Member in breach belongs.
- Level 4: The Clearing Fund's resources.
- Level 5: Clearing Members' resources.
- Level 6: Asigna's resources.

Each one of these phases will be executed under a strict adherence to the applicable regulation schemes. In particular, Asigna's Internal Regulations regulates and contemplates all the points related to the **implementation of the House's Safety Net**.

3.12 AUDITS

The House is subject to the completion of a set of audits: Internal, by the Compliance

Office and Audit Department; External, by an independent firm (now KPMG); Fiduciary, which can be practiced at any time to the fiduciary institution (BBVA Bancomer); and the one which the authorities regularly practice, in this case, the National Banking and Securities Commission.

3.13 TAX TREATMENT

The tax regime that applies to the participants of the derivatives market is contained in the Income Tax Law and its Regulations and it is complemented by some provisions occasionally published in the Tax Miscellany.

The tax regime recognizes two main types of derivatives products to which it refers as "capital derivatives transactions" and "debt derivatives transactions". The capital derivatives transactions contain the futures or option contracts whose underlying asset is a share listed on the exchange or a stock prices index. The concept of share is extensive to local and foreign shares and includes the trackers. The Futures or Option Contracts on currencies are also considered as capital derivatives transactions. The debt derivatives transactions contain futures or option contracts whose underlying is an instrument of government debt, a reference rate or a consumer price index. The latter is extensive to the UDIs calculated from a price index.

The tax regime also recognizes three types of payers on which it establishes a discriminatory treatment: individuals, corporations (and individuals with business activity) and foreigners. For foreigners it recognizes in turn three categories according to their residence. Residents of countries with a treaty to avoid double taxation, residents of countries without treaty and residents of tax havens.

The Clearing Member is required to make the withholdings indicated by the law, becoming jointly liable with the payers.

The statements issued by the Clearing Member, which report the net income of the clients and the withholdings made, are recognized by the Tax Authorities as withholding certificates that allow them to accredit the tax paid.

a. Individuals.

Profits in capital derivatives transactions on stock indices and shares whose settlement is in kind, without withholding. Profits in capital derivative transactions on shares settled in cash or profits in derivatives transactions whose underlying asset is a currency are taxable, therefore, the Clearing Member must make withholdings at a rate of 25% on the net profit of the month.

Losses in capital derivatives transactions on stock indices and on shares settled in kind are not deductible.

Losses in capital derivatives transactions on cash-settled shares and losses in derivatives transactions whose underlying asset is a currency can compensate the profits obtained in the same type of contract during the month.

Profits in debt derivatives transactions are taxable; therefore, the Clearing Member must

make withholdings at a rate of 25% on the net profits of the month.

Losses in debt derivative transactions can compensate the profits obtained in the same type of contract during the month.

When presenting his annual declaration the individual must accumulate his profits in debt derivatives transactions and his profits in capital financial transactions in cash or in derivatives transactions whose underlying is a currency, deducting the amount of the partial withholdings made by the Clearing Member.

b. Corporations.

Profits obtained in capital derivative transactions and in debt derivatives transactions are taxable, but without withholding.

Clearing Members do not perform any withholding on the profits of corporations.

When presenting its annual declaration the corporation must accumulate its profits in capital and debt derivatives transactions by deducting the amount of the losses.

c. Foreigners.

The profits in capital derivatives transactions, on stock indexes, currencies and stocks whose settlement is in kind, without withholding. Profits in capital derivatives transactions on shares settled in cash are taxable, therefore, the Clearing Member must make withholdings at a rate of 25% of the profit of the transaction or of 29% of the net profit of the month for residents of countries with and without treaty and of 40% on the gross payment for residents of tax havens.

Profits in debt derivatives transactions made on a Recognized Market (MexDer) referred to government securities (Cetes, M3, M10, etc.) or the Equilibrium Interbank Interest Rate (TIIE) are exempt from withholdings for ALL foreign residents. Profits on debt derivatives transactions on other instruments are taxable; therefore, the Clearing Member must make withholdings. The withholding rate is variable depending on the residence of the payer. Generally, it can be noted that for individuals, corporations and banks who reside in countries with a treaty, the withholding rate is 4.9%; for individuals and corporations who are residents of countries without a treaty, the withholding rate is 10% and for residents in Tax Havens, the withholding rate is 40%.

An exception to the aforementioned rule is that for funding entities, pension and retirement funds and foreign investment funds, the withholding rate is 10% regardless of the country of residence or those that might arise from the particular provisions contained in the treaties to avoid double taxation that corresponds.

As a result of the amendments to Art 199 of the Income Tax Law, the tax contingency that may result for the Clearing Members when settling transactions of foreigners is removed, by noting that the clearing members are not required to make the corresponding withholding or have joint and several liability as referred to in Article 26 of the Tax Code of the Federation [when] "... it is not possible to identify

the active beneficiary residing abroad of the profits from derivatives financial transactions referred to in the previous paragraph."

d. Special treatments.

TAX REGIME 2015

EQUITY		
		CME Scheme Transactions South-North
Market's Profits	National Shares Foreign Shares Stock Indexes May be settled in kind or in cash Exchange rate Commodities	Commodities Energy and Metals Stock Indices FX Currencies Real Estate Assets (S&P Index)
Residents in Mexico	Rate and Modality	
Individuals	Taxed at 10%, without withholding (Art 129 LISR) <ul style="list-style-type: none"> ● National Shares ● Foreign Shares ● Stock Indexes ● May be settled in kind or in cash For Exchange Rate and Commodities: Taxed at general tariff, may always be accumulated, without withholding. (Art 146 LISR)	May be accumulated, taxed at the rate according to the level of income of each investor, without withholding (Art. 142, Section XIV and 146 LISR). Liquidación en especie, se considera enajenación o adquisición del subyacente. (Art 20 frac II LISR)
Corporations	May always be accumulated, without withholding. (Art. 20 y 54 LISR)	May be accumulated, without withholding (Art. 16 and 20 LISR)
Foreigners	Rate and Modality	
Individuals and corporations	Exemption for residents in countries with a treaty who deliver a document with tax registration. For the rest, withholding of 10% on the profit. (Art. 161 y 163 LISR)	Without withholding, there is no wealth source in Mx (Art. 163 LISR)
DEBT		
Market's Profits	Rates Government Debt Instruments May be settled in kind or in cash	<ul style="list-style-type: none"> ● Treasury bills USA ● Treasury notes USA ● Libor, Euroyenes ● Barclays Capital US Aggregate Bond Index ● CBOT 30 Day Federal Fund ● HICP Euro Zone
Residents in Mexico	Rate and Modality	

Note:

- (1) This table is for information purposes only, so the institution does not assume any liability for omissions or interpretations of the law. Nor does it imply recommendation to buy or sell instruments. Any individual or corporation who is a legal resident in the country or abroad should consult their tax advisor for the proper interpretation of the contents of the Income Tax Law (LISR) or the Treaties in order to avoid double taxation that could apply to their particular transactions or to the fulfillment of their obligations.

3.14 OPEN INTEREST ACCOUNTING

For the purposes of information to the public or statistical count, the accounting of the open positions in Asigna is performed on one side of the market only. This is common practice in most markets although it is known that some markets count both sides of the market.

4. ATTACHMENT

DECLARATION OF THE SUBSCRIBER

(Date):_____ (month), ___ (day), 20___, the undersigned

I DECLARE UNDER OATH that *I have analyzed the Mexican Derivatives Exchange’s Local Aspects Study Manual* attached herein, which generically refers to the Regulatory Framework, Operative Aspects and Clearing and Settlement Aspects, understanding that at all times I shall follow it and I shall take responsibility in the execution of transactions in MexDer, Mercado Mexicano de Derivados, S.A. de C.V. (*MexDer, Mexican Derivatives Exchange*), acting under the terms of its Internal Regulations, its Manual of Policies and Procedures, the Internal Regulations and Manual of Policies and Procedures of Asigna, Compensación y Liquidación (*Asigna, Clearing and Settlement*) and other regulations and supplementary provisions issued by the Authority, acknowledging the penalties that proceed in case the relevant regulatory framework were to be contravened.

Compliance Officer:	Subscriber:
Name:	Name:
Company:	Company:
Signature:	Signature: