



Institutional Investors Program

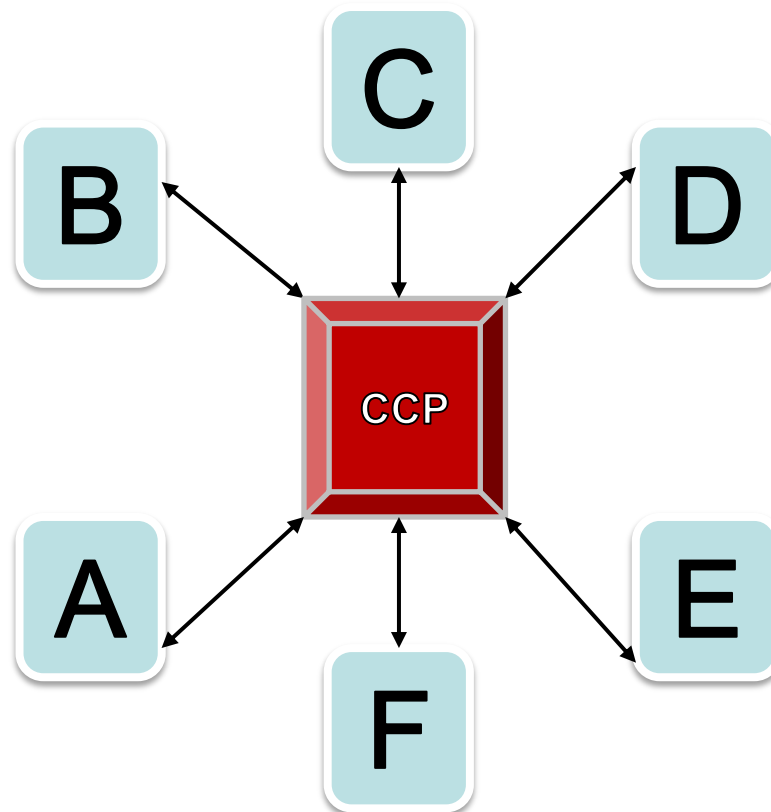
March, 2014

Agenda

1. Asigna
2. Asigna's operational flow
3. Initial margin
4. Market risk buffers
 - Margin call
 - Collateral Valuation
 - Haircuts
 - Capital Investment
 - Default waterfall
5. Segregation & Portability
6. TIIE Swap Valuation

What is Asigna?

- Asigna, is an administration and payment trust in the market for listed or standardized derivatives.
- Asigna is a Clearinghouse that plays a crucial role, because it becomes the counterparty and thus the guarantor of all the financial obligations involved in trading derivative contracts



Trust Structure

Asigna's Structure

Asigna is made up of Clearing Members that are administration and payment trusts created by the largest established financial groups in Mexico: Banamex, BBVA Bancomer, J.P. Morgan, Santander, Grupo Bursatil Mexicano and Scotiabank.



J.P.Morgan



AAA Clearing House

- Asigna has the highest credit worthiness, which is found with the ratings given by the three major rating agencies worldwide
- Asigna's global credit ratings has been three consecutive years above the Federal Government's credit rating

	MOODY'S	STANDARD & POOR'S	FitchRatings
Outlook	Stable	Stable	Stable
Global	A3	BBB+/A-2	
Local (Long & Short Run)	Aaa.mx	mxAAA/mxA-1 +	AAA(mex)/F1+(mex)

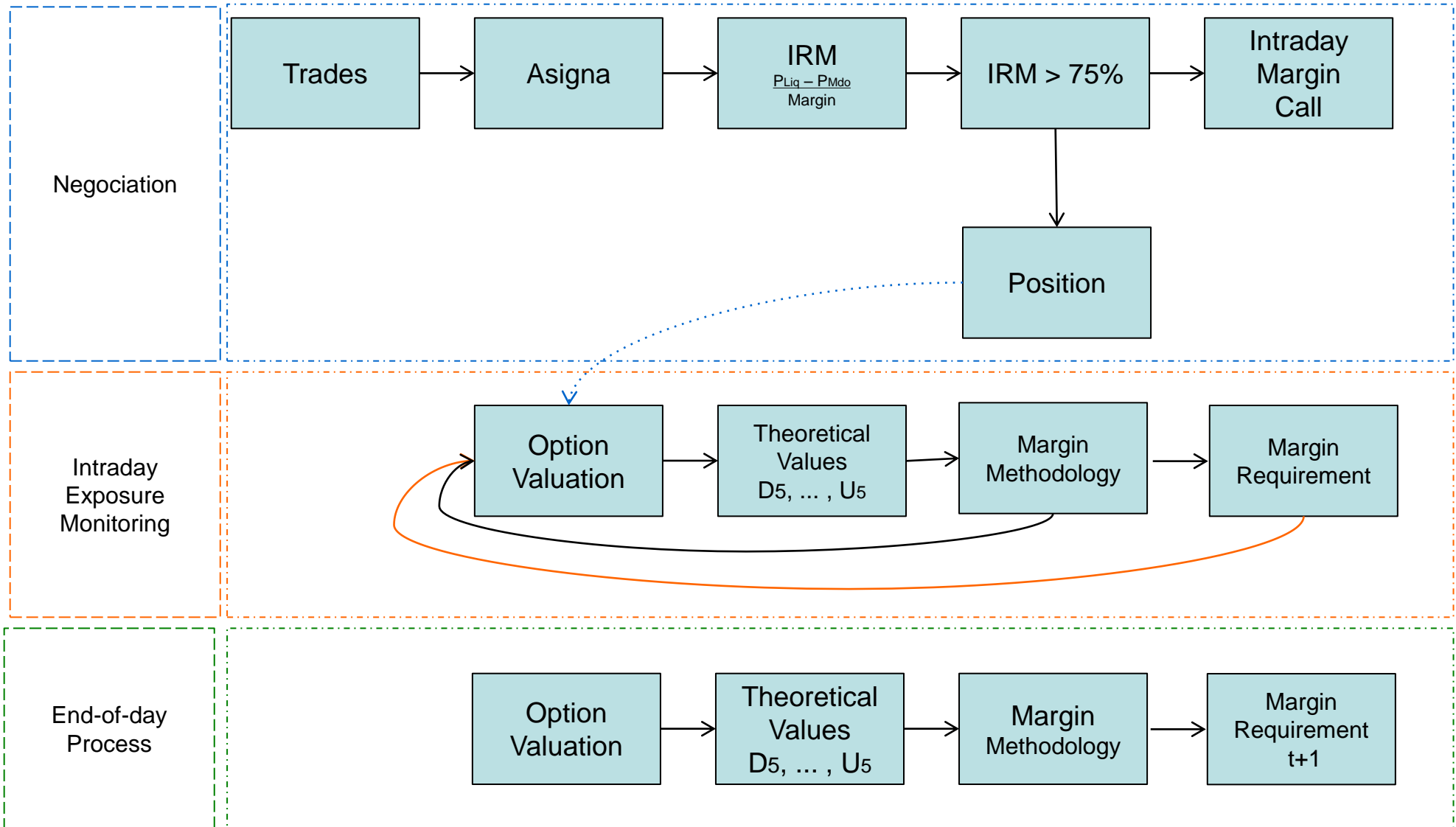
Contracts Cleared

Contracts

Asigna clears and settles a wide range of derivative contracts, including interest rate contracts, equity securities, index, currencies, commodities, ETFs and IRS.

UNDERLYING ASSET	FUTURES	OPTIONS	SWAPS
CURRENCIES	United States Dollar Euro	United States Dollar Euro	
INDEX	IPC Index of the BMV (Mexican Stock Exchange)	IPC Index of the BMV (Mexican Stock Exchange)	
INTEREST RATES	28day Interest Rate (TIE) 91day Treasury Cert.(Cete) 3 Year Bond 5 Year Bond 10 Year Bond 20 Year Bond 30 Year Bond Inflation Index 10 year Futures Sw aps 2 year Futures Sw aps		28 day TIE - IRS (3 months - 30 years)
SINGLE STOCKS	América Móvil L Cemex CPO Femsa UBD Gcarso A1 GMEXICO Walmex V BRTRAC 10 ILCTRAC ISHRS MEXTRAC 09	América Móvil L Cemex CPO FEMSA UBD GMéxico B Naftrac 02 Tlevisa CPO Walmex V BRTRAC10 MEXTRAC 09	
COMMODITIES	Yellow Corn Futures		

Asigna's operational flow



Initial Margin

- Initial Margins is the amount of resources to be posted by the Clearing Members depending on the risk exposure of every portfolio
- The exposure is determined by the Margin Methodology, which has the main purpose to calculate the amount of resources to neutralize a negative effect of an adverse market movement in a portfolio
- The Clearing Member clients are the main depositors of these resources
- Initial Margins can be constituted as cash or securities, the latter with a haircut to provide additional protection against price fluctuations.

Market risk buffers

- Asigna has implemented market risk buffers to provide extra protection:
 - Margin call
 - Additional Margins
 - Position Limits
 - Intraday Mark-to-Market
 - Collateral Valuation
 - Haircuts
 - Default waterfall

Market risk buffers

Margin Call

- Asigna activates the Intraday Margin Call mechanism when detecting the two following situations:
 - Extreme market volatility
 - An abrupt increase in the open interest

- Before activating this preventive mechanism, the Clearing Members can activate their own Intraday Margin Call, according to their Clients' margin sufficiency indicators

- To obtain real time sufficiency indicators, Asigna and its Clearing Members have a risk management software that allows to monitor each portfolio individually

Collaterals & Haircuts

Collaterals

The eligible collaterals are:

- Cash (Mexican peso)
- US Dollars
- Highly liquid Stocks
- Mexican government and U.S. government debt (T-bills, T-notes, T-bonds).

HAIRCUTS TO INITIAL MARGIN CONTRIBUTIONS

SECURITY	TYPE	HAIRCUT
Stocks*	1	20.00%
Brems	XA	0.80%
BPAT's	IT	1.50%
Bonde182	LS	1.50%
Bondes D	LD	1.50%
BPA's	IP	1.00%
Taxed Cetes	BI	0.50%
BPA's 182	IS	1.50%
T-Bills	D4SP	6.50%
Dollar	*CSP	6.50%

NON-PARALEL HAIRCUTS BY LIQUIDITY BANDS APPLIED TO FIXED INTERES RATE GOVERNMENT DEVELOPMENT BONDS, DENOMINATED "M" IN ALL TERMS

SECURITY	TYPE	TERM	HAIRCUT
Bond	M	T ≤ 1 year	1.00%
Bond	M	1 < T ≤ 5 years	2.50%
Bond	M	5 < T ≤ 10 years	5.00%
Bond	M	10 < T ≤ 15 years	7.00%
Bond	M	15 < T ≤ 20 years	8.00%
Bond	M	T > 20 years	8.00%

Collaterals & Haircuts

Haircuts

The haircuts rule implies that the calculations have to take into account the liquidity of each instrument and to reflect the potential declines in asset values during extreme and normal market conditions.

NON-PARALEL HAIRCUTS BY LIQUIDITY BANDS APPLIED TO US TREASURY BILLS, US TREASURY NOTES, US TREASURY BONDS IN ALL TERMS

SECURITY	TYPE	TERM	HAIRCUT
T-Note & T-Bond	D5SP & D6SP	$T \leq 1$ year	6.50%
T-Note & T-Bond	D5SP & D6SP	$1 < T \leq 5$ years	8.00%
T-Note & T-Bond	D5SP & D6SP	$5 < T \leq 10$ years	10.00%
T-Note & T-Bond	D5SP & D6SP	$10 < T \leq 15$ years	12.00%
T-Note & T-Bond	D5SP & D6SP	$15 < T \leq 20$ years	13.00%
T-Note & T-Bond	D5SP & D6SP	$T > 20$ years	13.00%

NON-PARALEL HAIRCUTS BY LIQUIDITY BANDS APPLIED TO FIXED INTEREST RATE GOVERNMENT BONDS LINKED TO INFLATION (UDIBONOS)

SECURITY	TERM	HAIRCUT
UDIBONOS	$T \leq 1$ año	1.00%
UDIBONOS	$1 < T \leq 5$ años	2.50%
UDIBONOS	$5 < T \leq 15$ años	7.00%

Capital Investment

Asigna on a daily basis invests the Capital (Margins & Collateral) at a highly competitive rate under the investment regime (Government Repos)

Default Waterfall

Default procedures

- Asigna's rulebook provides the authority to promptly close out the positions of a defaulting participant and to apply the defaulting participant's collateral or other resources
- Also, it allows the transferor (as an alternative) liquidation of the positions and margin of customers of the defaulting participant.



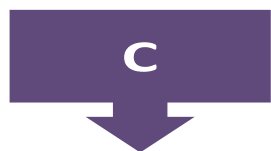
Margin Fund

Margins must be sufficient to cover maximum possible losses that could be generated per each open contract. The main depositors of this fund are the Clients through the Clearing Members and it can be constituted in cash or securities.



Clearing Fund

The main depositors of this Fund are the Clearing Members and it can be constituted only in cash. It may be used to cover the default of any Clearing Member and Asigna has to survey the deposit of this fund on a daily basis.



Clearing Member Capital

These funds must be provided by the Clearing Members to make up their own position and are used to cover default obligations.

- Proprietary: 2.5 million UDIS or 4% of Margin Fund
- Third Party: 5 million UDIS or 8% of Margin Fund



Clearing House Capital

This fund is used in cases where all the Trustees are in default of their obligations. In that case Asigna has its own Capital to respond to the failure; this Capital is conformed by at least 15 million UDIS.

Segregation & Portability

Segregation

Asigna's account structure is designed to have Accounts and Sub-Accounts, so that both the Clearing Member and the Clearing House can manage and monitor the Clients in a more efficient manner.

Portability

The Clearing Member Clients can move their positions from one Clearing Member to another without closing their open positions, taking the margins posted to the new Clearing Member.

TIE Swap Valuation

- Asigna uses the zero coupon rate implied in the IRS-TIE Contracts published by the price vendors
- Zero coupon curve construction
 - *Bootstrapping* from 3X1 to 390X1
 - Cubic Spline Interpolation

TIIE Swap Valuation

Current Valuation

- Floating Cash Flows → **TIIE** zero coupon curve (forward rate)
- Fix/Floating Cash Flows discounting → **TIIE** zero coupon curve

New Valuation

- Floating Cash Flows → **TIIE** zero coupon curve (forward rate)
- Fix/Floating Cash Flows discounting → **OIS MXP** zero coupon curve

TIE Swap Valuation

New Valuation Advantages:

- Asigna Valuation = OTC Valuation
- Transparent price formation
- Asigna Valuation = CME Valuation