



*The English version of the Terms and Conditions for Options Contracts is published for information purposes only and does not constitute legal advice. However, in case of any Interpretation controversy, the Spanish version shall prevail.*

## **Terms and Conditions for Individual Stocks Options Contracts (Physical Delivery)**

### **I. PURPOSE.**

#### **1. Underlying Asset.**

The Common Stocks and Stocks associated units registered in the National Registry of Securities and listed at the Mexican Stock Exchange hereinafter (BMV) and will be denominated in the successive thing like "Individual Stocks", whose particular characteristics are specified in the corresponding designated addendum "Specific Contract Terms" which also MexDer will publish in the Derivatives Market Indicators Bulletin hereinafter ("Bulletin") with five Bank Business days before the trading season start.

#### **2. Number of Units of the Underlying Asset that backs the options contract (Contract Size)**

In the addendum of "Specific Contract Terms" will be specified the number of units that a Option Contract hold in accordance with the particular characteristics of the Stock and the market needs.

#### **3. Types of Options Contract**

MexDer shall at all times make available both Call (buy) and Put (sell) options.

#### **4. Options Contract Style**

In the addendum of "Specific Contract Terms" will be specified the number of units that a Option Contract hold in accordance with the particular characteristics of the Stock and the market needs.

As a general rule, MexDer will list and keep available for trading, American Style Stock Option contracts. When the market requires it, MexDer can list European Style Option Contracts (which can only be exercised on the Expiration Date) warning the market through the Bulletin 1 labor day prior the listing, and specifying in such warning the way in which these Option contracts will be identified and the exercise style will be differentiated.

## 5. Series

According to its Internal Regulations, MexDer shall list and keep available for trading various series of Stock Options contracts, both Call (buy) and Put (Sell), at the Exercise prices specified in number 1.6, and on quarterly bases.

Options Contracts with maturity months in March, June, September and December shall be available at all times.

If the market exhibits a demand for Stock Options Contracts with maturity dates other than those indicated in the above paragraph, MexDer may list new Series for trading.

## 6. Strike Prices

For each Maturity Date, MexDer shall list the various series as follows:

- A strike price equivalent to the last closing price of the stock on the immediately preceding business day, which is the closest price according to the strike price variation table presented below.
- In addition, at least two higher and two lower strike prices shall be issued.

New series in each expiration term may be issued during the life of Options Contracts when the closing price of the share at the end of a session is higher than the second highest Strike price, or lower than the second lowest strike price. The new Strike Prices shall be listed on the Business Day following that on which this situation occurs.

When market conditions require, MexDer may list more Strike Prices to provide the appropriate contracts under these conditions.

Strike Prices shall vary depending on the price of the underlying stock, and shall always be multiples of the intervals specified in according to the following table:

Lower Underlying Price	Higher Underlying Price	Strike Price Interval
0	5	0.20
5.5	10	0.50
11	20	1.00
22	50	2.00
55	200	5.00
210	and up	20.00

## II. TRADING MECHANISM

### 1. Ticker Symbol or Code

The various Series of the Stock Options Contracts will be identified with a Ticker symbol or code that MexDer will include in the addendum of "Specific Contract Terms" and publish in the Bulletin as follows:

The first two digits shall be letters indicating the name of the Underlying Asset, plus 5 digits that specify the strike price (three whole digits and two decimal points) and finally, one digit more specifying the type of contract and the maturity month.

The last digit used to identify the maturity month and type of Options Contract are shown in the following table:

<b>Maturity</b>	<b>Call</b>	<b>Put</b>
January	A	M
February	B	N
March	C	O
April	D	P
May	E	Q
June	F	R
July	G	S
August	H	T
September	I	U
October	J	V
November	K	W
December	L	X

In case the market requires new series for Stock Options contracts European Style, according to the second paragraph num 4 fracc I. MexDer will publish in the “Bulletin” the additional specific characteristics that will include the ticker symbol or code at least 1 business day in advance.

## **2. Quotation Unit**

Options Contract premiums shall be quoted in pesos and hundredths of a peso (cents) per unit of the Underlying Asset.

## **3. Minimum Premium Fluctuation (Tick)**

Bids presented to enter into an Options Contract must be made with a minimum fluctuation of 0.01 pesos of the premium (one cent).

Such case, the tick for each Option Contract will be specified in the addendum of “Specific Contract Terms” in accordance with the particular characteristics of the Stock and the market needs.

## **4. Means for Trading**

The Stock Options Contract shall be traded through MexDer’s Online Trading System, in accordance with the rules and procedures established in its Regulations, although MexDer reserves the right to establish a different trading mechanism.

# **III. CHARACTERISTICS AND TRADING PROCEDURES**

## **1. Maximum daily Premium fluctuation**

There shall be no limit set on the maximum fluctuation of the premium during a single trading session.

## **2. Trading Hours**

Trading hours for Individual Stock Options Contract will be Bank Business Days from 7:30 a.m. to 3:00 p.m., Mexico City time.

The above mentioned notwithstanding MexDer's rights to establish different trading hours, which will shall be published in the Bulletin for at least three Business Days prior to the date they take effect.

## **3. Last Trading Day and the Maturity Date for the Series**

The last trading day and the Maturity Date for each Series of Individual Stock Options Contract will be specified in the addendum of "Specific Contract Terms" in accordance with the particular characteristics of the Stock and the market needs.

## **4. Trading New Series**

Trading of Series with maturities different from those established in point (1.5) above, will begin the next Bank Business Day after its publication in the (Derivatives Market Indicators) Bulletin. The new Series in the cycle of Options Contracts according to point (1.5) will begin its trading the following Bank Business Day to the last trading day of the previous Series.

## **5. Settlement Date on Maturity**

The settlement date on maturity for each Individual Stock Options Contract will be specified in the addendum of "Specific Contract Terms" in accordance with the particular characteristics of the Stock and the market needs.

# **IV. DAILY SETTLEMENT AND SETTLEMENT AT MATURITY**

## **1. Settlement at Maturity.**

On the Maturity Date, at the close of the trading session, Traders, Clients and Clearing Members that have short positions in Stock Options Contracts must settle the obligations relating to the Contracts they have opened.

Contracts shall be settled at Maturity through an automatic exercise of all the positions that have a positive intrinsic value equal to or greater than the automatic exercise threshold set by the Clearing House in its Internal Regulations and Operating Manual according with the notification of exercise mentioned in number V.

The Stocks to be delivered shall be the BMV exchange-listed Underlying Asset for the Options Contract.

All Options Contracts that are not exercised by the Maturity Date shall mature without value.

## **2. Procedure for Settlement at Maturity.**

For the purpose of complying with the obligations the Clearing House and the Clearing Member have assumed with respect to the Client, the Settlement Date is the first Business Day following the date on which the transaction is performed on MexDer.

### **3. Intrinsic Value of the Options Contract at Maturity**

A Call Options Contract shall have intrinsic value when the strike price is lower than the closing price of the underlying stock on the Maturity Date, as published by the BMV.

A Put Options Contract shall have intrinsic value when the strike price is higher than the closing price of the underlying stock on the Maturity Date, as published by the BMV.

Otherwise, the Intrinsic Value on the Maturity Date shall be zero.

### **4. Daily Settlement**

Clients and Clearing Members must settle the obligations according to the established in their Brokerage Agreement.

Clearing Members and the Clearing House shall settle their obligations on a daily basis, as stipulated in the Internal Regulations of the Clearing House, incorporating in that settlement any premium agreed upon in the negotiation, re-calculation of Minimum Initial Contributions and the Clearing Fund, accrued interest and any fees due.

## **V. LIMIT POSITIONS.**

### **1. Limit Positions on Short or Long Positions and on Opposite Position.**

The Clearing House and MexDer jointly establish limit positions for the Stock Options Contract, which stipulate the maximum number of Open Contracts the Client may have in a single class. These limit positions are published in the daily Bulletin.

### **2. Limit Positions for hedge positions**

Clients may open Long and Short Positions exceeding the Position limits mentioned in number IV.1, above, solely for the purpose of creating a risk hedge.

Clearing Members are responsible for verifying that the necessary conditions exist for performing these transactions, and for accrediting to the Clearing House on behalf of their Clients, the existence of positions to be hedged for risk, by the Business Day following that on which the Limit Positions are exceeded, in accordance with the procedures established in the Operating Manual of the Clearing House.

According to the Internal Regulations of the Clearing House, hedge positions shall be understood to mean a Short or Long positions maintained by a Client with the Clearing House as a position that helps to hedge the risk implied in the position a Client maintains in other markets outside of MexDer and the Clearing House, in Underlying Assets or securities of the same type as the Underlying Asset or other assets with regard to which the hedge position is being taken.

The Clearing House may accept or reject the Client's hedge position, at its discretion. If the position is rejected, the Clearing Member must ensure that its Client closes out the number of Contracts necessary to comply with the Limit Positions established in number IV.1, above, on the understanding that if it does not do so, it shall be sanctioned in accordance with the Internal Regulations of the Clearing House.

## **VI. NOTIFICATION OF EXERCISE.**

The Options Contracts may be exercised on the Maturity Date or on any Business Day prior to that date, according to the procedure and schedules set forth below:

For notification of exercise, when express notification is necessary, the procedures announced by the Clearing House for this purpose should be followed.

### **1. Early exercise is any exercise on a date other than the Maturity Date.**

For early exercise, the Clearing Member in question must invariably be notified within 15 minutes of the Close of Trading, and the Clearing Member shall in turn notify the Clearing House expressly through the Clearing and Settlement System, according to the Operating Manual of the Clearing House.

Upon receipt of these instructions, the Clearing House shall proceed to randomly assign performance of the obligations involved in the contract among the Clearing Members that have proprietary short positions, or those of their Clients, which shall be informed of that assignment before the start of trading on the following Business Day.

### **2. At the maturity of the series of an Options Contract, the Clearing House shall propose the automatic exercise of:**

- a) Every Call Options Contract which strike price is lower than the closing price of the underlying stock, as published by the BMV.
- b) Every Put Options Contract which strike price is higher than the closing price of the underlying stock, as published by the BMV.

Traders or Clients must expressly notify the Clearing Member in question, in the event they wish to exercise Options Contracts that do not meet the conditions indicated in the preceding points, or if, with those conditions met, they do not wish to exercise. The Clearing Member must be notified of this fact during the hours established for this purpose by the Clearing House.

## **VII. EX-RIGHTS ADJUSTMENTS**

1. In the event that issuers of the underlying stock of the Options Contract declare a cash dividend, the Clearing House shall make no adjustment in the Contracts.

1.1. Regarding the distribution of financial rights in cash (extraordinary dividends, capital reimbursement, reduction of social capital, etc.) made by the issuer of the Underlying of a Stock Options Contract, MexDer, together with the Clearinghouse, may carry out the necessary adjustments for such Options Contract, according to the policies published in the Bulletin.

2. In the event that the issuer of the Underlying Asset in the Options Contract declares some equity right other than that indicated in the prior point or any of the following situations may happen to the issuer: Capital expansions, Transformation of each existing share representing capital stock into various shares, Consolidation of various existing shares representing capital stock into one share and any other that might make it necessary to make adjustments, MexDer and the Clearing House shall jointly notify Brokers, Clearing Members and Clients of the following, through the Bulletin:

- a) Changes in the Strike Price and Size of Contract or both.

b) The manner to make the adjustments originated by the right on the Underlying Asset by the exchange on which the Underlying Asset is listed;

c) The manner in which the pertinent changes will be made to the Settlement Price of the Series corresponding to the business day immediately prior to the date the adjustment takes effect; when applicable, the reference prices for the purposes of settlement, when the adjustment is resulting in more than one Underlying Asset and Options Contract; the positions to which the open position prior to the date the adjustment takes effect shall be entitled; and the new margin requirements, as necessary.

d) The manner to perform the adjustments in the Contracts in process of settlement of the exercise/assignment.

When the information on rights declared by an issuer does not specify what adjustments are to be made by the Exchange on which the Underlying Asset is listed, MexDer and the Clearing House shall jointly inform to the Clearing Members and Brokers through the Bulletin and through whatever other measures they deem necessary, of the information available regarding the adjustments mentioned in subsections b) and c), above.

When it is impossible to make the corresponding adjustment to the Options Contracts, the Exchange may, in coordination with the Clearing House, declare the early expiration of any Series.

3. Clearing Members will have to adjust their Clients', their Traders', their Market Makers', their Groups' and their own Open Positions according to the position report delivered to them by the Clearing House, resulting from the ex-rights adjustment.

## **VIII. EXTRAORDINARY EVENTS**

### **1. Definition of Extraordinary Event**

An extraordinary event is defined as that which causes the BMV to suspend listing of any of the Underlying Assets for Options Contracts. Extraordinary Events do not include a suspension of the Underlying Asset by the BMV because the Underlying Asset has surpassed the limits the BMV establishes for price fluctuations in a single trading day.

If an extraordinary event prompts the suspension of trading in an Underlying Asset, trading in the corresponding Options Contract shall also be suspended.

### **2. Acts of God or force majeure**

When for acts of God or force majeure it is impossible to continue trading an Underlying Asset, MexDer and the Clearing House may suspend or cancel the trading and the clearing and settlement, respectively, of the Options Contract, and are authorized by their respective Internal Regulations to determine the form of settlement of Contracts that are active at that time, endeavoring at all times to safeguard the rights acquired by the Clients.

When in the opinion of the Clearing House economic conditions on the Market make it unadvisable to physical delivery Options Contracts demandable on the Settlement Date, it may order the settlement of those contracts in cash. In this case, Clearing Members and Clients must accept and, when applicable, pay, the cash amount corresponding to that settlement.

### **3. Contingency situations.**

If MexDer declares a contingency situation, both the trading hours and the trading mechanisms may be modified, as established in the Contingency Manuals of MexDer and the Clearing House.

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## **Specific Terms of Stock Options Contract for ALSEA, S.A.B. de C.V. (Physical Delivery)**

Pursuant to the General Contract Conditions for Stock Options Contracts, MexDer announces the features of the Specific Terms of Stock Options Contract for ALSEA, S.A.B. de C.V.

### **1. Underlying Asset.**

The Underlying Asset shall be the equity shares of ALSEA, S.A.B. de C.V., series \*, (ALSEA \*), hereinafter the “Shares”.

### **2. Number of Units of the Underlying Asset Represented by an Options Contract.**

Each Options Contract represents 100 shares.

### **3. Contract Style**

As a general rule, MexDer will list and keep available for trading, American Style Stock Option contracts. When the market requires it, MexDer can list European Style Option Contracts (which can only be exercised on the Expiration Date) notifying the market through the Bulletin, 1 (one) business day prior to the listing, and specifying in such notice the way in which these Option contracts will be identified and the exercise style will be differentiated.

### **4. Ticker Symbol or Code**

The ticker symbol or code for Stock Options Contracts shall be displayed as provided for in Section II, numeral 1 of the General Contract Conditions. The following table provides examples:

<b>Instrument</b>	<b>Description</b>
AA 13000C	CALL Option that expires in March.
AA 13000F	CALL Option that expires in June.
AA 14000U	PUT Option that expires in September.
AA 14000X	PUT Option that expires in December.

### **5. Minimum Premium Fluctuation (Tick)**

The minimum Premium fluctuation for Options Contracts shall be MXN \$0.01 (one cent of a Mexican peso).

## **6. Last Trading Day and Series Expiration Date.**

The last trading day and the Maturity Date for each Series of Individual Stock Options Contract will be the third Friday of the maturity month, or the previous Business Day in case that such Friday is a holiday.

In case the Market requires availability of Stock Options Contracts with different last trading day and maturity indicated in the previous paragraph. MexDer could list new Series for trading. Assuming this, MexDer will publish in the Bulletin the specific characteristics of the Serie, including the Ticker Symbol, Last Trading Day, and Maturity Date, with at least 1 (one) Business Day prior to the listing.

## **7. Settlement Date at Expiration.**

For purposes of fulfilling the Clearing House's obligations as well as those of the Clearing Member with respect to the Client, it shall be the second Business Day following the Expiration Date.

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