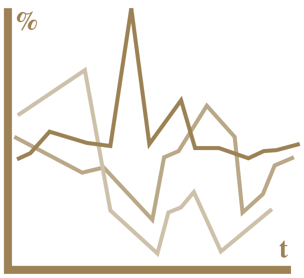
MexDer

An Overview

The Mexican Derivatives Market



Volatility and uncertainty are always present everyday in the financial markets. Investors, businessmen, fund and/or risk managers, corporate treasurers and individuals must therefore consider different alternatives to efficiently control and manage the risks they face, optimizing the return on their portfolios.

Risk management has become an increasingly active field in recent times, because of the proven benefits of measuring and monitoring the possible causes that can lead to a bankruptcy and to achieve an efficient administration. One tool that can be used to manage financial risks is what are known as exchange-listed Futures and Options Contracts. When combined with the cash market or even over-the-counter (OTC) markets, these offer great versatility and complementarity.

For institutional investors, this type of instruments offer key leverage, allowing them to efficiently manage their capital needs and to eliminate some of the problems involved in credit lines.

One particularly important feature of the Mexican Derivatives Market is the financial backing it has from *Asigna, Compensación y Liquidación* (its clearinghouse), which acts as a counterpart for all transactions performed on the *Mexican Derivatives Exchange* (MexDer), and has the highest ratings from Fitch Ratings, Moody´s and Standard & Poor´s.

Background

The startup of the Mexican Derivatives Market marks a milestone in the development and internationalization of the Mexican financial system. The project´s development was possible thanks to the continuous efforts of multi-disciplinary teams that included professionals from the Mexican Stock Exchange, the Mexican Securities Industry Association (AMIB) and S.D. Indeval. These teams developed the operating, legal and systems infrastructure necessary to meet the legal, operating, technological and prudential requirements established jointly by the Ministry of Finance and Public Credit (SHCP), the National Banking and Securities Commission (CNBV), and the Central Bank (Banco de México), the financial authorities of Mexico.

The importance of an organized market for exchange-listed derivatives in countries like Mexico has been discussed by international financial organizations like the International Monetary Fund (IMF) and the International Finance Corporation (IFC). These institutions recommend the creation of markets for exchange-listed derivatives in order to promote macroeconomic stability and to facilitate risk control for financial intermediaries and economic entities.

The challenge we have faced is creating this type of market in a country that has already faced numerous financial crises and that has been significantly affected by fluctuations in the international markets. This required the Mexican financial authorities to strengthen the regulatory and prudential framework applicable to the markets, as well as payment systems, intermediaries, and participants.

The process of structural change in Mexico has also given rise to the need for special requirements in addition to the international recommendations by the Group of 30 (G-30), the International Organization of Securities Commissions (IOSCO), The World Federation of Exchanges - WFE, and the Futures Industry Association (FIA), among others.

The efforts to create an exchange-listed derivatives market in Mexico began in 1994 when the Mexican Stock Exchange and S.D. Indeval jointly took on the commitment to create such a market. The Stock Exchange financed the project to create a futures and options market called *MexDer, Mercado Mexicano de Derivados, S.A. de C.V.,* meanwhile Indeval assumed the responsibility of financing the development of a derivatives clearinghouse called *Asigna, Compensación y Liquidación*, from 1994 both companies were formally incorporated.

What is MexDer ?

MexDer, Mercado Mexicano de Derivados, S.A. de C.V., is the Mexican Derivatives Exchange. It began operations on December 15th, 1998, with the listing of Futures Contracts on financial underlying assets, and was incorporated as a corporation under the mexican law (S.A. de C.V.), authorized by the Ministry of Finance and Public Credit (SHCP).

MexDer and its clearinghouse (Asigna) are self-regulatory entities that function under the supervision of the following financial authorities: the SHCP, Banco de México, and the National Banking and Securities Commission (CNBV).

The advantages of MexDer

An organized derivatives market offer a number of advantages to those who participate in it, including:

Liquidity

The existence of standardized products like Futures and Options Contracts allow them to be used by any type of participant, and this in turn means higher trading volume, efficiency, and a greater ability to buy or sell at the optimum moment.

Transparency

Because trading is conducted through a completely automated system, prices are revealed to the general public and can be looked up in real time in the leading financial information systems from anywhere in the world.

A diverse array of instruments for your strategies

Whatever your need in the financial markets may be, MexDer offers products to help you manage your risks: in Mexico, foreign-exchange Currencies, Stock Portfolios and inflationary risks.

Strength

The international standard of every organized market is to have the support of a clearinghouse. In Mexico, the institution that performs this function is called *Asigna, Compensación y Liquidación,* whose safety net has the highest ratings by three of the leading rating agencies in the world.

AAA *Counterpart*

Asigna, Compensación y Liquidación becomes the counterpart to every transaction performed on MexDer. This means it acts as a buyer vis-à-vis each seller, and a seller vis-à-vis each buyer, minimizing the risk of default.

Anonymity

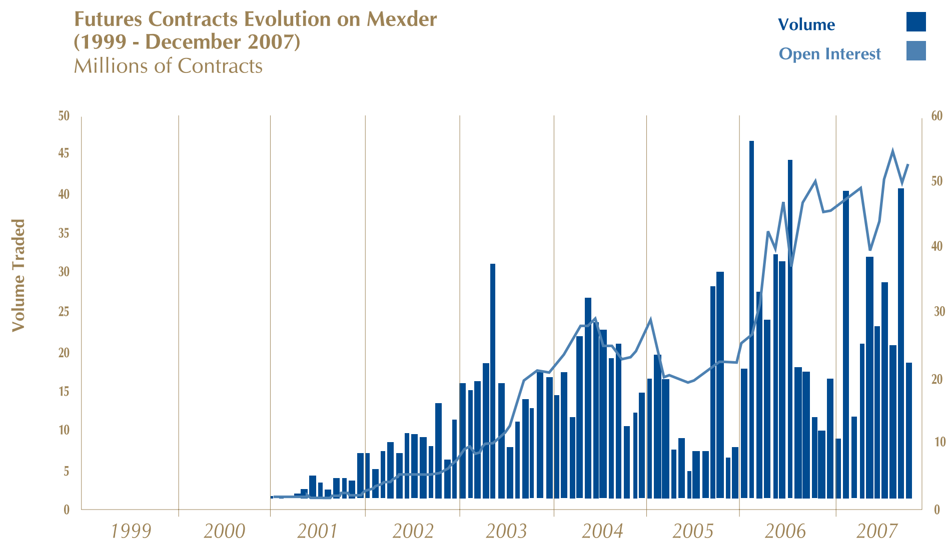
Having a completely automated system and a clearinghouse that acts as counterpart to each trade allows for a completely anonymous market, which means equal opportunities for every participant in MexDer.

Self-Regulation

The legal regime issued by the financial authorities, known as "Rules" and "Provisions," encouraged the creation of the first self-regulatory market in Mexico. MexDer and Asigna have the power to act as "market authorities," whose primary mission is to ensure order in trading, encourage the proper functioning of the market, adopt measures, policies and criteria to promote stability and development, and impose sanctions when participants fail to comply with its policies and regulations.

Global financial risk management

Every participant is assigned a registration code called the "MexDer Account Number," which allows the exchange and clearinghouse to monitor the individual position of each client, regardless of the number of accounts it has opened, even with more than one broker.



Derivatives:
A new Generation of Financial Instruments

Futures and
Options Contracts

TIIE
CETE
M10
M3
PC
UDI
DOLAR
EURO
SWAPS
SINGLE STOCKS
ETF´S
NAFTRAC 02

Basic concepts

Derivatives

Derivative products are a family or set of financial instruments and/or commodities whose primary characteristic is that they are linked to an underlying or reference value or asset. Derivative products emerged first as instruments for hedging against fluctuations in the price of agro-industrial products (commodities) under conditions of extreme volatility.

Financial derivatives

Beginning in 1972, the family of derivatives instruments began to expand briskly, to include a new set of reference assets such as securities representing equity or fixed-income, indices, interest rates, currencies and other financial instruments. The most common financial derivatives are futures, options, and swaps.

Futures

These are instruments that allow us to fix the purchase and/or sale price of a product (for example, a currency, a stock, etc.) today, for payment and delivery on a future date. Because they are standardized in terms of the size of the contract, the maturity date, form of settlement and negotiation, they can be listed on a derivatives exchange.

Options

A standardized contract in which the option buyer pays a premium and acquires the right, but not the obligation, to buy (call) or sell (put) an underlying asset at a specific price on a specified future date. The option seller is obliged to perform the opposite action of the contract if the buyer excercises this right.

Swaps

Derivative instruments that allow for the exchange of periodic interest payments (for example fixed-rate for variable-rate) or positions in various maturities and/or currencies.

Underlying Assets

The most commonly used underlying assets for financial derivative contracts are interest rates, stock indices, individual stocks, and foreign currencies.

Macroeconomic variables and financial instruments (interest rates, inflation index, currencies, etc).

Advantages of financial derivatives

The main purpose of derivatives is to serve as a hedge against fluctuations in the price of the underlying asset. For this reason, they are applied preferably to:

- Stock portfolios.
- Obligations taken on at an adjustable rate of interest.
- Payments or collections in foreign currency at a specified term.
- Cash flow planning; and others.

Derivative products are instruments that contribute to the liquidity, stability and depth of the financial markets, and to generate conditions for diversifying investment and managing risk.

Some of their uses are:

Currency contracts

- If you have future payments or collections in foreign currencies.
- If you acquire equipment payable in other currency.
- If you are importing or exporting different goods.

You can fix the buying or selling exchange rate today, and not have to worry about future fluctuations

Interest rate contracts

- If you want to hedge against an increase or decrease in interest rates.
- If you take out a loan at a floating rate, and you wish to fix the interest rate.
- If you want to ensure a specific return on an investment.

Contracts on stock indices or individual stocks

- If you want to hedge against potential losses in stock portfolios.
- If you want to perform an advanced purchase of stocks when you have no cash flow today.
- If you want to profit when the market declines, and simulate short sales.

Some examples:

MEXICAN PESO/U.S. DOLLAR HEDGE

You plan to import material and equipment worth $10,000 dollars. Due to the mexican peso's fluctuation against that currency your risk is having to pay more pesos per dollar, so you want to protect against the fluctuations of the exchange rate, buying a dollar future for the month in which you will make the payment in dollars; let's assume that the spot price MXP/USD is at $11.05 pesos.

If for reasons of market volatility the dollar is at $11.30 pesos on the date the future contract matures, you already bought your dollars at $11.05 pesos, and not at $11.30 pesos, so you are obtaining a benefit of $0.25 per each dollar and a total benefit of $2,500 mexican pesos.

INTEREST RATE

You have a mortgage loan referenced to the TIIE in the amount of $500,000. You decide to hedge your debt with a December futures contract on the TIIE at 7.90%.

When December comes and your futures contract matures, if the TIIE is at 8.50%, you have already set a rate (7.90%) that hedge you against a rise in interest rates.

IPC®

You have a stock portfolio with a value of $3´000,000 pesos, and you want to hedge against a possible loss in the price of the stocks that conformed it.

The portfolio has a high correlation with the IPC® index of the Mexican Stock Exchange, so you decide to hedge the portfolio value selling IPC® Futures that are listed in MexDer.

Let us assume that the IPC® is at 29,500 points today, and you sell 10 December IPC® futures contracts at 30,000 points. The amount cover by each IPC® futures contract is 10 times its current value, so the amount cover is $300,000 (30,000 * 10).

When December comes, the stocks of your portfolio fall by a net value of 5% and the IPC® has declined 7% from 29,500.

Portafolio loss	Futures gain
$30,000,000 - 5% = $150,000	30,000 - (29,500 - 7%) = 2,565 points 2,565 x $10 per point = 25,650 per contract 25,650 x 10 contracts = $256,500
Even with instable conditions, you hedged and won $256,500 - $150,000 = $106,500	

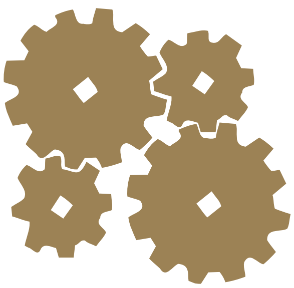
www.mexder.com

How Does the Mexican Derivates Market Work ?

The structure and functions of the Mexican Derivatives Exchange (MexDer), its clearinghouse (Asigna), clearing members, Market Makers and brokers who participate in trading Futures and Options Contracts, are defined in the rules and prudential regulations issued by the financial authorities to regulate the organization and activities of participants in the derivatives market.

Institutions

The basic institutions of the derivatives market are: The Derivatives Exchange, made up of *MexDer, Mercado Mexicano de Derivados, S.A. de C.V.* and its Clearinghouse, called *Asigna, Compensación y Liquidación*, which is an administration and payment trust.



Self-regulation and risk control

MexDer, Mercado Mexicano de Derivados, S.A. de C.V. and Asigna, Compensación y Liquidación, are institutions with self-regulatory faculties to establish rules that may be supervised and sanctioned by them, giving transparency, ensuring an orderly development of the market and security to all its participants.

Clearing members, brokers, and Market Makers accredited personnel must all meet the self-regulatory rules, and the basic principles of action contained in the professional code of ethics of the Mexican securities community.

Self-regulation for risk prevention is applied primarily through:

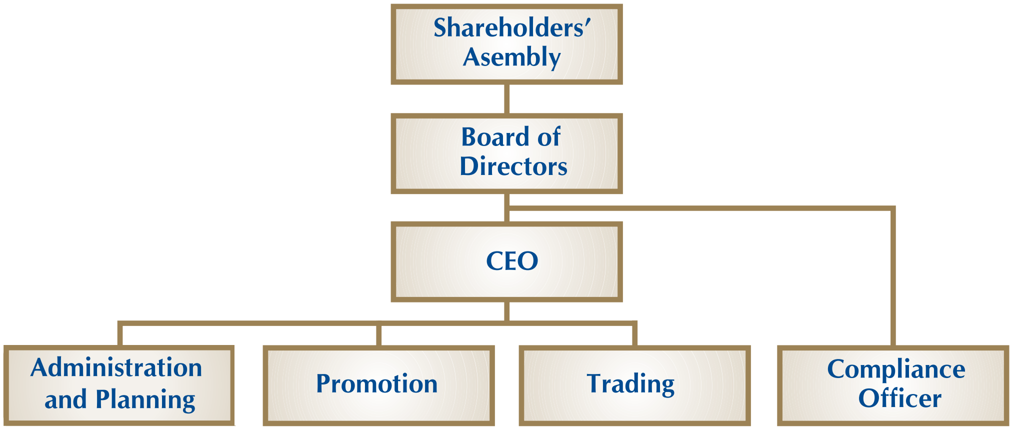
- Admission requirements for clearing members, brokers and Market Makers.
- Audits.
- Contractual requirements.
- Supervision and oversight of compliance with trading rules.
- Application of preventive measures.
- Application of disciplinary measures to Clearing Members, brokers and their personnel who violate the rules and regulations.

Competitive advantages of MexDer and Asigna

- The clearing and settlement system.
- Updating of positions in real time.
- Margin contributions in cash and addmissible securities.
- Risk evaluation in real time.
- Tracking of position limits.
- Trading identification of participants through a single account system for the whole market “MexDer Account”.

Corporate Structure

MexDer



Shareholders' Assembly

This is the highest body of the company, and its legally-adopted resolutions are binding on all its shareholders.

Board of Directors

The body in charge of the administration of MexDer, made up of regular members and their respective alternates.

Committees

The Board of Directors is supported by various committees for addressing and resolving matters of specific nature described in the prudential rules and provisions issued by the financial authorities, as well as in MexDer´s bylaws chart and internal regulations. These Committees are:

- Executive Committee.
- Admission and New Products Committee.
- Compliance and Ethics Committee.
- Auditing Committee.
- Discipline and Arbitration Committee.
- Certification Committee.
- Clearinghouse Committee.
- Promotion Committee.

Market Participants

Participants in MexDer may be brokers or clearing members.

Brokers

Brokers are corporations authorized to trade Contracts in MexDer´s Electronic Trading Systems, acting as brokers for one or more Clearing Members.

Clearing Members

Clearing Members are trusts that participate as shareholders of MexDer and contribute to Asigna´s capital; their purpose is to settle and, when applicable, trade Futures and Options Contracts in MexDer on behalf of clients. For this purpose, they must be able to meet the financial, credit and operating requirements established in the regulations applicable to the derivatives market. Clearing Members have their own capital, they specialize in the evaluation of counterpart risk, manage guarantees and, in order to avoid conflicts of interest, they keep proprietary accounts completely separate from third-party accounts.

Market Makers

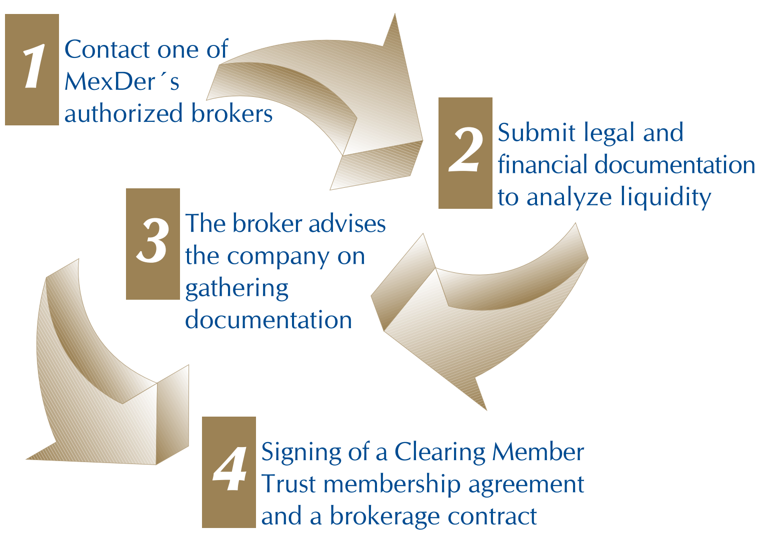
Financial Institutions that have been approved by MexDer to act as such, and which must, on an on going basis and on their own account, maintain bid and ask quotes for Futures and Options contracts, regarding the Class for which they are registered, in order to promote their trading.

Certification of Personnel

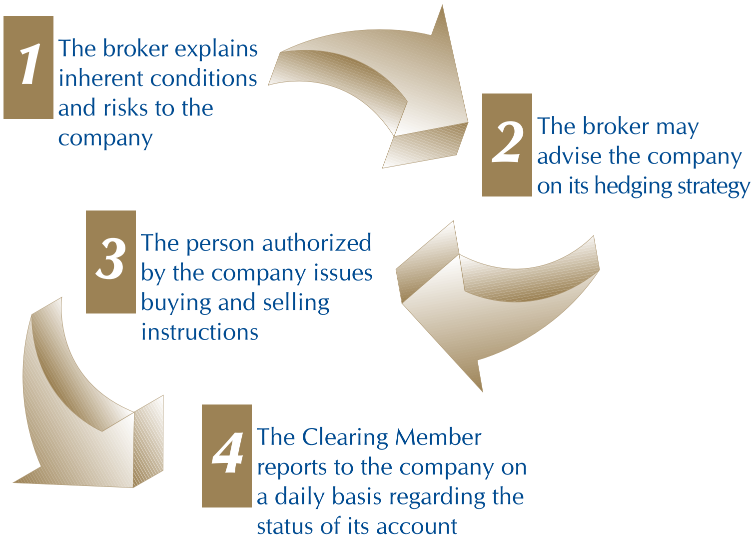
To guarantee that the personnel of its Brokers, Market Makers and and Clearing members have the necessary technical knowledge in the field of derivative products, as well as training in the Professional Code of Ethics of the Mexican Securities Community, MexDer has delegated the responsibility of applying certification exams to the Mexican Securities Industry Association (AMIB). These exams are held in accordance with the guidelines established in MexDer´s Internal Regulations and Manual of Policies and Procedures.

How do I participate in MexDer?

Opening an Account



Starting to Trade



Futures Contracts

Brokers and/or Clearing Members who perform transactions for third parties must sign a brokerage contract with each client, which must at least contain the following points:

- A description of the risks the client incurs when trading in MexDer-listed contracts, and the acceptance of that risk.

- The Client's recognition of the provisions contained in MexDer´s and Asigna´s Internal Regulations, as well as the Rules issued by the Financial Authorities.

- The means that will be used for transmission, reception and confirmation of orders to engage in transactions on behalf of the client.

- Recognition and acceptance by the client, of position limits for trading contracts of derivative products.

- Recognition and acceptance by the client that Asigna will serve as its counterpart for all trades of MexDer-listed Contracts of derivative products.

Listed Instruments and their Terminology

In the Mexican Derivatives Market, Futures contract on the following financial underlying assets are actually listed:

- CURRENCY — Mexican Peso/U.S. Dollar.
  Mexican Peso/Euro.
- INDICES — The Mexican Stock Exchange Price and Quotations Index (IPC®)
- FIXED-INCOME — 91-day Cetes (CE91), 28-day TIIE (TE28), 3-year bond (M3), 10-year bond (M10), UDI and 10-year interest rate Swaps (SW10).
- INDIVIDUAL STOCKS — Cemex CPO, Femsa UBD, Gcarso A1, Telmex L and América Móvil L

On March 22, 2004 the Options Market began trading; today Call and Put Options are listed on the following financial underlying assets:

	Option Style	Settlement
IPC® Futures	European	Physical Delivery
Currencies	European (United States of America Dollar)	Physical Delivery
Stocks	American	Physical Delivery
ETF's	American	Physical Delivery

General Contracting Conditions

General Contracting Conditions are the means by which MexDer establishes the rights and obligations, as well as the terms and conditions, that will govern participants who perform clearing and settlement of a given Class of Futures or Options Contract. For more details on these conditions, see our website at www.mexder.com

Classes and series

A Class is made up of all the Futures or Options Contracts that are based on a single underlying asset; the series is made up of contracts belonging to the same class with a different maturity date.

Contract Expiration

A contract may be traded from the date it is issued or placed on the market until the date it expires. The expiration date is defined in the General Contracting Conditions for each Contract, and occurs before the final settlement date.

Settlement of a contract

Final settlement of a contract may be performed in kind (physical delivery of the underlying asset, such as stocks, currencies and bonds) or in cash, depending on what has been agreed upon in the General Contracting Conditions of each product.

Underlying assets

These are the assets used as a reference for the Futures and Options Contracts. They are real assets that may be transferred in kind at the expiration of the contract in the settlement date, or indicators that are expressed in currency, and whose equivalent is settled in cash.

The Transactions

Different Order Types:

- Firm Trade

A transaction consisting in the presentation of Bid or Ask quotes in the Electronic Trading System.

- Cross Trade

A transaction performed when the same Clearing Member or broker presents a Bid and an Ask quote in the Electronic Trading System for the same contract, at the same price, on behalf of their Clients.

- Self-entry Transaction

A transaction performed when a Bid and an Ask are presented in the Electronic Trading System by the same Clearing Member or Broker provided that either the Bid or the Ask comes from the proprietary account of the Clearing Member or Broker.

- “Cama” Trade

A transaction performed with a Market Maker, who is obliged to present one buy and one sell quotes within a price spread (make a market). The counterpart who accepts to participate (listen to the market), agrees to perform the transaction at the specified spread, and may choose whether to buy or sell.

- “Ronda” Trade

The right to “listen to a market” is auctioned within a group of no less than 4, no more than 10, Market Makers. The winner of the auction agrees to perform the transaction at the specified average spread and may choose whether to buy or sell.

- “Stapled” or “Engrapado” Trade

The simultaneous trade of contracts with successive maturity dates of the same class.

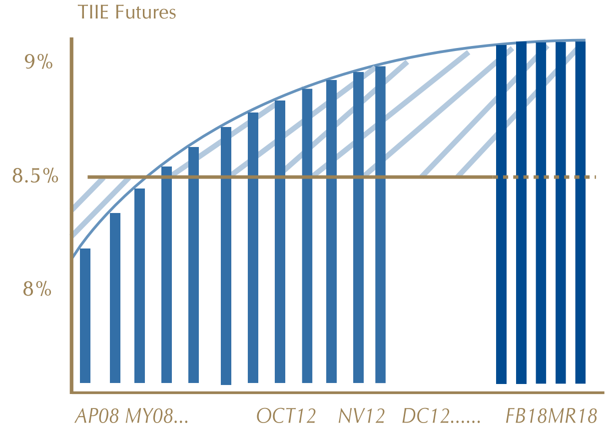
- Depth Trade

Once the total volume of a Bid or Ask quote displayed in the Electronic Trading System has been completed, as a result of a trade, the Market Makers have the faculty to present Bids or Offers at that same level in order to enhance market liquidity, known as depth.

- Rollover

Strategy consisting in the simultaneous buy and sell of contracts of the same class but with different Series, in order to maintain the same position, either short or long, during the period of time that the client considers convenient.

Stapled or “Engrapado” 120 months at 8.5%



A stapled trade or “engrapado” trade, for example, allows an interest rate to be fixed during a certain period of time, which makes it similar to a “Swap” in this regard.

Trading Scheme:

Currently, all trading on the derivatives market is electronic, and is conducted through a system called the Electronic Negotiation, Registry and Assignment System, or “SENTRA-Derivados” the Futures Contracts on Debt securities and Currencies, and in the S/MART® system acquired from the Spanish Derivatives Market (MEFF), the Futures and Options Contracts on indices and single stocks.

In order to facilitate their market making activities, Market Makers have a telephone service system that allows them to be attended personally by the MexDer’s trading area staff.

From the time this market was established, and until May 8, 2000, trading was conducted on the MexDer trading floor via open outcry.

Traders enter the quotes for their own account or in behalf of their clients, and the System does not disclose their identity. This means that MexDer is a totally anonymous market, allowing all participants equal opportunity in trading.

Once the transaction has been executed, MexDer will send the trader´s data to the Clearinghouse (Asigna) who in turn will become buyer to the seller and seller to the buyer, assuming the counterpart credit risk in both cases.

Asigna, Compensación y Liquidación

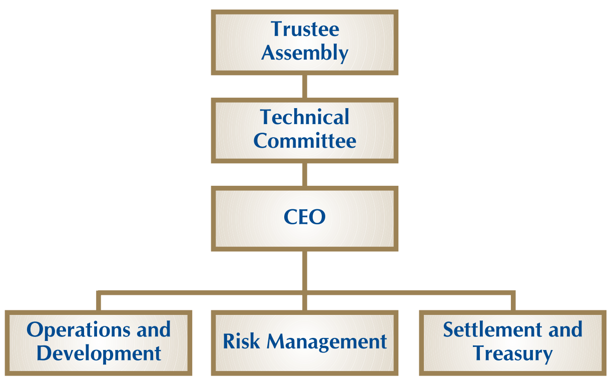
What is a Clearinghouse?

The exchange-listed or standardized derivatives markets have a clearinghouse to function as guarantor of all the financial obligations arising from transactions in standardized derivative products.

Asigna, Compensación y Liquidación (Asigna) handles clearing and settlement for the Mexican Derivatives Market (MexDer). Its main purpose is to serve as a counterpart, and therefore guarantor, of all the financial obligations derived from trading contracts. It must therefore abide the rules issued by the financial authorities: the Ministry of Finance and Public Credit (SHCP), the National Banking and Securities Commission (CNBV) and Banco de México, as well as by the rules of the MexDer derivatives market itself.

What is ASIGNA?

Asigna is an administration and payment trust incorporated within BBVA Bancomer in 1998, in order to be the counterpart to clear and settle transactions in derivative products that take place on MexDer. Its trustors are Mexico's leading financial groups: Banamex-Citigroup, BBVA Bancomer, ScotiaBank Inverlat, Santander-Serfin, and JPMorgan, as well as the Securities Depository Institute (S.D. Indeval).



Asigna is governed by the rules issued by the competent authorities, and also has its own regulations and internal manuals for participants, in order to ensure their compliance with the obligations they take on within the Market. Asigna also has a group of committees that handle decision-making in the organization: the Technical Committee, Sub-Committee on Admission and Risk Management, Sub-Committee on Management, Sub-Committee on Auditing, Sub-Committee on Compliance and Ethics and Sub-Committee on Discipline and Arbitration.

Because they act as counterpart in all transactions performed on the market, Clearinghouses must obtain the highest ratings of credit quality. Asigna has been evaluated and rated by the three leading international agencies. Fitch Ratings gave it a rating of AAAmex; Standard & Poor's assigned it the domestic rating of mxAAA/mxA-1+, and global ratings in foreign and local currency of BBB+/A-2. Moody's Investors Service gave Asigna a new global local currency rating A1, and Aaa.mx in national scale. This means Asigna has the highest rating for on-time performance of its financial commitments.

Who are the Clearing Members?

Clearing Members are administration and payment trusts who contribute to the equity of the Clearinghouse and who settle the transactions performed on the Market. All brokers in the Market must have the services of a Clearing Member.

There are two types of clearing members:

- Proprietary Position Clearing Members. These clear and settle transactions of the institutions that are members of their own financial group.
- Third-Party Position Clearing Members. These clear and settle transactions for clients.

Obligations of Asigna:

a) Act as counterpart to all brokers, banks, brokerage firms or clients, in the transactions performed in MexDer that Clearing Members settle on their behalf.
b) Clear and settle trades performed on MexDer.
c) Establish margin requirements, haircuts for securities deposited as margins, and position limits.
d) To manage and keep custody of the Clearing Fund and the Contributions Fund in cash and securities.
e) Real time surveillance.
f) Apply disciplinary measures in the event of default or bankruptcy of a Clearing Member.

Clearing and calculation of the settlement are performed through the Intracs/400 system. Transactions are recorded and updated in the system in real time. At the close of the trading session, individual positions are adjusted depending on the opening and closing of positions, and the resulting positions are valued at the settlement price (mark to market). The system also receives information on assets that have been pledged as collateral.

Clearing and settlement is carried out through two types of accounts: proprietary and client accounts. Proprietary positions are netted, and third-party positions are segregated in gross form.

Proprietary accounts: The Long Positions are netted against the short position of each class/series to determine the amount of margin required.

Client accounts: Long and short positions are segregated and the margin is determined in gross form for each type of position.

Once the clearing has been determined, the market settlement is calculated: the positive or negative balance of the margins is compensated against the settlement of interests, commissions, price changes, and other cash adjustments; so that for each Clearinghouse member, a single debit or credit balance is generated. Settlement of this amount is performed through the central bank's centralized payment system (known as SPEUA) on the following business day between 9:00 a.m. and 10:00 a.m

Risk Management

As a counterpart for all contracts traded, Asigna is involved in a series of activities whose purpose is to maintain the market's financial integrity. In these, it applies the leading risk management techniques and uses secure systems to monitor these risks.

Asigna establishes ...

- Margins Requirements for each contract.
- Valuation discounts (haircuts) applied to marginable securities.
- Maximum number of Open Contracts in a single Class or Series that a client may hold (position limits).

Asigna monitors and controls:

- The concentration of open positions.
- Market behavior on an ongoing basis.
- Sufficiency and liquidity of clearing members.
- Daily settlement and settlement at maturity.
- Participants' compliance with trading parameters.

Asigna protects ...

- Monitors positions and sufficiency of resources in real time.
- Conducts simulations involving extreme price movements.
- Establishes alarms for insufficient resources.
- Applies extraordinary settlement in the event existing contributions are insufficient.

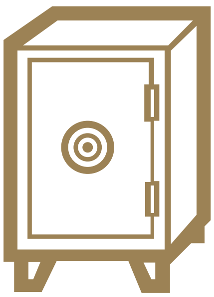
Asigna manages...

- The margins fund (cash and securities).
- Clearing Fund.
- Minimum Capital.

A Risk Monitoring and Management System was designed to track the risk involved in derivatives trading. The system has functions for account management, markets, alarms, and monitoring by type of market and by account. The system activate accounts by type of client and by fundamental parameters such as market behavior, contracts, underlying asset, position limit, derivative price and price of underlying asset, contributions, contract size, margins for individual and opposite positions, expiration dates, settlement and delivery.

Asigna´s Safety Net

In order to serve as counterpart to all the transactions performed on MexDer, Asigna has the financial resources and procedures that have been assembled into a "safety net" that can deal with any default and/or failure by any participant. The safety net is the source of Asigna's financial strength, and is made up of the following resources:



- ***Excess Margins***

Resources in cash and securities submitted by clients/brokers to Clearing Members or Brokers who manage Omnibus Accounts, and determined based on the risk level of those clients/brokers.

- ***Margins***

The total amount of cash and/or securities submitted by Clearing Members to Asigna.

- ***Clearing Fund***

A fund made up of cash contributions made by Clearing Members with respect to their Open Contracts, and which are equivalent to 10% of their Margins.

- ***Equity of Third-Parties Position Clearing Members***

This type of member must at all times maintain a minimum equity of either 5.0 million inflation-indexed Investment Units (UDIs), or 8% of their Margins for open contracts, whichever is greater.

- ***Equity of Proprietary Position Clearing Members***

This type of member must at all times maintain a minimum equity of either 2.5 million inflation-indexed Investment Units (UDIs), or 4% of their Margins for open contracts, whichever is greater.

- ***Asigna's Equity***

The resources contributed by Asigna trustors, which must at all times be equivalent to 15 million inflation-indexed Investment Units (UDIs).

- ***Equity of the Brokers who manage Omnibus Accounts***

This type of Broker must at all times maintain a minimum equity of 1 million inflation-indexed Investment Units (UDIs).

In the event of default, the resources shall be used in the following order, until the default has been covered:

Level 1. Excess Margin
Resources of the client in default, in the case of a Third-Party Position Clearing Member.

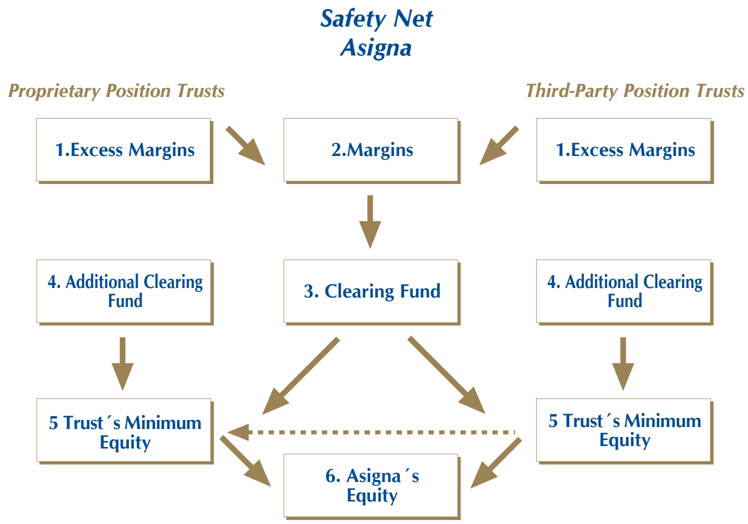
Level 2. Margin
Resources of the member in default.

Level 3. Clearing Fund
Resources of another Clearing Member in the same Financial Group.

Level 4. Additional Clearing Fund
Resources of the Clearing Fund.

Level 5. Trust´s Minimum Equity
Mutualization of loss using resources of the other Clearing Members.

Level 6. Asigna´s Equity
Resources of the Clearinghouse itself.*



* For the Brokers who manage Omnibus Accounts, if any of its clients defaults the portfolio losses will be mutualized within the clients who participate in the Account once the equity is consumed.

Some Concepts

Initial margin: the contribution that each Clearing Member must deliver to the Clearinghouse for every Open Contract. The amount is determined by type of contract and may be deposited in the form of cash or in authorized securities.

Four methods are used to calculate Margin requirements, all with a 99.99% confidence level. These methods are: Monte Carlo, Asigna, Parametric and Historic simulations.

Excess Margins: funds requested by the Clearing Member from the client, that are calculated as a function of the client's credit risk. These resources are administered by the Clearing member, and the percentage or amount depends on the credit rating of each client.

Daily Settlement(s): a sum of money that is required or received and submitted daily, as the case may be, resulting from daily valuation of the positions. T+1 (9:00 a.m.-10:00 a.m.)

Extraordinary Settlement: a sum of money in the case of possible intraday fluctuations in the price of underlying assets or a rise in the positions of participants. It must be paid within one hour.

Settlement at Expiration: at the close of trading on their expiration date, Open Contracts are settled in kind or in cash, according to the General Contract Conditions of each instrument.

Margin Fund: the fund created in the Clearinghouse by the Margins submitted by Clearing Members for each Open Contract. This fund is invested in government securities with a maturity of less than 90 days, or repurchase agreements on these securities at the same term. Interests are returned daily to clearing members in their settlement flows.

Clearing Fund: the fund created in the Clearinghouse out of resources in addition to the Margins that the Clearinghouse itself requires of Clearing Members, equivalent to 10% of the Margins.

Position Limits: the maximum number of Open Contracts a Client can maintain in the same Class or Series.

Opposite Positions (Spread Positions): the position made up of a number of Contracts in the Long Position and an equal number of Contracts in the Short Position of another Series, when both Series are of the same Class. This type of position has a lower margin requirement.

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