



Scotiabank is a founding clearing member and a shareholder of the Mexican Derivatives Exchange (MexDer) through a trust called Socio Liquidador Inverlat, and operates under the legal name Scotia Inverlat Derivados S.A. de C.V.

This agreement is signed in both Spanish and English. The English version is provided for information purposes only. However the Spanish version will prevail.

## ADHESION AGREEMENT

TO JOIN THE TRUST IDENTIFIED WITH NUMBER \_\_\_\_\_, BETWEEN \_\_\_\_\_, IN ADMINISTRATION OF THAT TRUST (HEREINAFTER, THE "CLEARING MEMBER") AND THE PARTY WHOSE DATA APPEAR IN THE SECTION OF GENERAL INFORMATION (HEREINAFTER, THE "CLIENT"), IN ACCORDANCE WITH THE FOLLOWING GENERAL INFORMATION SECTION, STATEMENTS AND CLAUSES:

### GENERAL INFORMATION

Client Information:

MexDer Account Number:

Name, Denomination or Corporate Name:

Address:

Address line 2:

Zip code:

City: State:

Telephone:

Fax:

Objectives:

Market Exposure [ ]

Hedge [ ]

Parties authorized to perform transactions under the terms of this agreement:

Name

Signature Type

Signature

Trader: \_\_\_\_\_

Account number 1 for delivering Contributions in domestic currency from the Client to the Clearing Member:

Deposit to bank:

Code

Branch:

Account name:

Account number (cash):

City and State:

Account number 2, for delivering settlements in domestic currency from the Clearing Member to the Client:

Deposit to bank:

Code

Branch:

Account name:

Account number (cash):

City and State:

Account number 3 for delivering dollars from the Client to the Clearing Member:

Deposit to bank:

Code:

Branch:

Account name:

Account number (foreign currency):

City and State:

Account number 4 for delivering dollars from the Clearing Member to the Client:

Deposit to bank:

Code:

Branch:

Account name:

Account number (foreign currency):

City and State:

Account number 5 for delivering securities from the Client to the Clearing Member:

Securities management institution (Bank/Brokerage firm):

Code:

Branch:

Account name:

Account number (securities):

City and State:

Account number 6 for delivering securities from the Clearing Member to the Client:

Securities management institution (Bank/Brokerage firm):

Code: Branch:

Account name:

Account number (securities):

**City and State:**

Rate to be charged for past-due amounts for the purpose of clause twenty six:

### STATEMENTS

- I. The Clearing Member States:
  - I.1. That MexDer, Mercado Mexicano de Derivados, S.A. de C.V. (hereinafter, the "Exchange") has granted it the necessary authorization to act as a trustee of the trust, the purpose of which is to act as a Third-Party Position Clearing Member;
  - I.2. That its representative(s) have the necessary faculties to legally bind it to the terms of this agreement and that these faculties have not been limited, suspended, or revoked in any way;
  - I.2. That it has the necessary capacity, technical and material elements to bind itself to the terms of this agreement;
  - I.4. That it has familiarized and supplied the Client with all the necessary information on the rights, obligations, terms and conditions to which it will be subject in entering into Futures and Options Contracts on the Exchange; and
  - I.5. That it has entered into an agency and service provision contract with the Trader indicated in the General Information section, above (hereinafter, the "Trader"), by virtue of which it authorizes the latter to trade on the Exchange.
- II. The Client states:
  - II.1. That the information and data contained in the above section of General Information, are true and current as of the date this agreement is signed;
  - II.2. That it has signed a brokerage contract with the Trader (hereinafter, the "Brokerage Contract") by virtue of which the latter shall perform, confirm and assign transactions with Futures and Options Contract on the Exchange on behalf of the Client;
  - II.3. That it knows the "Rules governing corporations and trust that it participates in the establishment and operation of a market for exchange-listed futures and options," issued by the Ministry of Finance and Public Credit, Banco de Mexico, and the National Banking and Securities Commission, published in the Official Gazette of the Federation on December 3, 1996, and its modifications (hereinafter, the "Rules"), the "Prudential provisions governing transactions by participants in the exchange-listed futures and options market," published in the Official Gazette of the Federation on May 26, 1997, and its modifications (hereinafter, the "Provisions"), and which the Clearing Member has made available to it through the media established for this purpose by the Exchange, the Exchange Regulations, the Exchange Operating Manual, the Regulations of the Clearinghouse, and the Operating Manual of the Clearinghouse;
  - II.4. That it agrees that in circumstances not mentioned in the Rules and Provisions, common business law, bank, market and mercantile practice, the Civil Code for the Federal District, and the Federal Code of Civil Procedures, shall supplete these Rules and Provisions;
  - II.5. That it is aware of and accepts the functioning of the Clearing Member's Safety net, which is consistent with the Safety Net of the Clearinghouse referred to in the Rules and Provisions, including but not limited to the effects this may have on its trading in Futures and Option Contracts;
  - II.6. That it is aware of and accepts the limit positions for entering into Futures and Options Contracts on the Exchange which are established by the Clearing Member which may be less than or equal to those contained in the General Contract conditions, and that it therefore acknowledges and accepts that the Clearing Member, or when applicable, the Trader, is not obliged to perform any transaction in excess of these limits, on the understanding that the Clearing Member may modify them at any moment at its own discretion;

- II.7 That it received from the Trader the information prospectuses referred to in the Provisions, as specified in statement II.8 of the Brokerage Contract, which contain information regarding Futures and Options Contracts, and whose content was explained previously and understood fully;
- II.8 That it is aware of and accepts the risks it takes on when participating in the Exchange, under the terms of the "Statement of Awareness of Risks of Futures and Option Contracts" attached to this agreement as Attachment 1, duly signed by the Client;
- II.9 That it received corporate information from the Clearing Member, attached to this agreement as Attachment 2, duly signed by the Client;
- II.10 That it acknowledged that it has been provided with an explanation for and accepts the fact that by the nature of the transactions covered by this agreement it is not possible to guarantee any yield, and that the transactions are subject to gains or losses according to the fluctuation of prices on the market, and that Future and Option Contracts traded on the Exchange have no type of backing or guarantee through mechanisms and funds managed by the public sector, such as the Institute for the Protection of Bank Savings (IPAB), or those that might be applicable to or available through any other institution, fund, entity or centralized or de-centralized agency or of any other kind that has been established or is established later for this purpose or with a similar purpose;
- II.11 That it knows and accepts the limits of liability for the Trader, the Clearing Member, the Exchange and the Clearinghouse in performing transactions on behalf of Clients;
- II.12 That it is aware of the tax obligations stemming from engaging in financial transactions on the derivatives market through the Exchange and the Clearinghouse;
- II.13 That in accordance with the General Information Section of this agreement, it has informed the Clearing Member of its objectives, in terms of market exposure, hedging, or both, that it intends to pursue by trading in Future and Options Contracts; and
- II.14 That its representative(s) have the necessary faculties to bind it to the terms of this agreement and that these faculties have not been limited, suspended, or revoked in any way.

On the basis of the above statements, the parties agree to assume the obligations entailed in the following:

#### **CLAUSES**

##### **ONE. DEFINITIONS.**

The parties agree to accept as reproduced here the definitions contained in the Rules, the Provisions, the Regulations of the Exchange, and the Regulations for the Clearinghouse.

##### **TWO. PURPOSE**

The Client wishes to join the trust contract identified as No. \_\_\_\_\_, administered by \_\_\_\_\_ (hereinafter, the "Trust Contract").

To this end, the Client states that it is familiar with the content of the Trust Contract and its modifications, of which it has received a copy, and specifically states that it is aware of the rights and obligations that it acquires as B trustor and trust beneficiary by virtue of its participation in the Trust, which it accepts fully in all of its terms.

##### **THREE. CONTRIBUTION.**

The Client contributes to the Clearing Member the amount of Ps1.00 (one Mexican peso 00/100), in return for its adhesion to the trust, which shall be calculated as a Contribution.

In addition, the Client recognizes and accepts that any Contribution to the Clearing Member is made as a payment subject to the condition precedent, the occurrence thereof would give rise to obligations for the Client stemming from the trading of Futures and Option Contracts on the Exchange, and with what is expressly agreed upon in this Agreement and by the clauses of the Trust contract to which it adheres by virtue of this instrument; and that therefore, the Contribution may in no case be considered a pledge, guaranty, deposit, escrow, custody, or any other similar concept.

##### **FOUR. COMPLIANCE WITH SELF-REGULATORY RULES.**

The Client hereby expressly agrees to abide by the self-regulatory rules of the Exchange, and acknowledges that the rules contained in the Regulations of the Exchange, the Operating Manual of the Exchange, the Regulations of the Clearinghouse and the Operating Manual of the Clearinghouse, establish the terms and conditions that will govern the Clearing Member in performing, confirming and assigning Futures and Options Contracts on the Exchange.

##### **FIVE. TRADING CONDUCT OBLIGATIONS.**

The Clearing Member accepts that, with respect to trading conduct, it shall have the following obligations:

- a) To confirm with the Client all trades executed daily, in writing and in detail, and when necessary, request and issue Margin calls and notices of changes in Margins. These confirmations may be made directly by the Clearing member or, when necessary, by the Trader, under the terms agreed upon in the agency and service contract.
- b) To inform the Client of the risks associated with trading and settling Contracts, and to evaluate the Client's profile and creditworthiness in accordance with applicable legal provisions.
- c) To request from the Exchange the Client's MexDer account number, and incorporate it into its account management system.
- d) To record positions directly in the corresponding MexDer accounts.
- e) To inform the Exchange and Clearinghouse of any default by the Client.
- f) To inform the Client of any change in Attachment 3, referred to in Clause Six, below.
- g) To communicate to the Client any information provided to it by the Clearinghouse on special and material events, as well as emergency actions, as soon as it has knowledge of them.
- h) To inform the Client, either directly or through the Trader, of all material, abnormal or extraordinary events regarding the transactions it has been instructed to perform, as soon as it has knowledge of them.
- i) To inform the Trader of any breach of contract or notice of termination with regard to this agreement.

The above notwithstanding, the Client acknowledges and accepts that the Clearing Member reserves the right to perform any transaction under the terms of the Trust Contract and this agreement, when the Client is in default of any obligation, and in favor of any member of the financial group to which the bank acting as Trust Contract trustee belongs.

#### **SIX. PROVISION OF FUNDS**

The Client must deliver to the Clearing Member, either directly or through the Trader, when the latter has been authorized by the Client and the Clearing Member, the Margins necessary to trade, settle, clear and perform the Futures and Option Contracts that the Trader executes on its behalf, according to the terms, conditions and hours established for this purpose by the Clearing Member in Attachment 3, on the understanding that the requests for cash or securities may be greater than those requested by the Clearinghouse. These Margins may be applied to meeting the obligations derived from Open Contracts, for new transactions and, when necessary, for the payment of conventional penalties under the terms of the Adhesion Agreement and of this agreement, as well as the Exchange Regulations.

When the Clearing Member requests, either directly or through the Trader, that the Client submit Margins or payments of any kind in relation to the Futures and Option contracts that have been traded, the following shall apply:

- a) Before recording a Client order, the Client must submit to the Clearing Member the Margins requested of it, as established in the first paragraph of this clause, and deposit them in the accounts indicated in the General Information Section of this agreement, with number 1 and number 5, as the case may be.
- b) During the life of the Futures and Option Contracts, the Client must submit to the Clearing Member the resources necessary to create and restore Margins and Excess Margins, as well as the balances due from it resulting from Daily Settlement and settlement at expiration, under the terms, conditions and hours established for these purposes, and in accordance with the first paragraph of this clause.
- c) The Clearing Member will request, either directly or through the Trader, that the Client submit the funds referred to in this clause, on the understanding that it may under no circumstances administer or maintain the Client's cash or securities.
- d) The Client accepts that the Clearing Member has the authority to receive Margin securities, and as a result, these shall be received at the discount value applied for these purposes by the Clearinghouse, and shall be subject to market fluctuations.

The Clearing Member may, when necessary, establish the maximum proportion of initial Margins that may be covered with Margin Securities authorized by the authorities for traded Futures and Options Contracts.

The parties agree that the client's Margin Securities must be submitted through the Clearinghouse's System for Administering Margin Securities for Derivatives, and the parties therefore acknowledge that they must agree on the designation of a depository institution, in this case S.D. Indeval, S.A. de C.V., Institución para el Depósito de Valores, which shall have access to that system, so that it can submit and withdraw securities with the Clearing Member.

#### **SEVEN. ORDER INSTRUCTIONS.**

The parties agree that the instructions drafted by the Client to the Clearing Member to perform movements in the Client's account, order the withdrawal of cash or securities, issue notices, margin calls, or any other communication between the Client and the Clearing Member, unless especially addressed in other terms in this agreement, may be conducted by written means, by phone, or through any other electronic, computer or telecommunications media agreed upon by the parties.

The above notwithstanding, the instructions referred to in the second paragraph of this clause may be directed to the Clearing Member through the Trader, when so authorized by the Client and by the Trader.

The Client consents for the Clearing Member to record any telephone conversations held with regard to the activities carried out under the terms of this agreement. The tape recordings held by the Clearing Member shall constitute proof of the conversations that took place by this medium.

The records of instructions received shall have the same probative value in legal proceedings as private documentary evidence.

#### **EIGHT. THE CLEARINGHOUSE AS COUNTERPARTY.**

The Client acknowledges and agrees that the Clearinghouse shall be its counterparty in each and every one of the trades it performs on the Exchange, and that it accepts under the terms of the Clearinghouse Regulations; in other words, that when conducting a trade as a buyer, the Clearinghouse shall be the seller, and when it acts as seller, the Clearinghouse shall be the buyer.

Accordingly, the Client's rights and obligations stemming from the trades it make through the trader on the Exchange and which are recorded with the Clearinghouse, shall be exclusively with the Clearinghouse.

#### **NINE. CLEARING OF TRANSACTIONS.**

The Client acknowledges and accepts that in accordance with the Clearinghouse Regulations, the Clearing Member shall clear the obligations resulting from the trading of the Client's Futures and Options Contracts. Thus, the Clearinghouse shall deliver to or request from the Client, through the Clearing Member, the corresponding amounts in connection with the rights and obligations the Client assumes with the Clearinghouse through the trading of Futures and Options Contracts.

The parties recognize and accept that the Exchange and the Clearinghouse may order the Clearing Member to reduce or cancel Open Contracts in a given series before their expiration date, to adjust the number of Open Contracts to the position limits established in the General Contract conditions, by performing a closing trade by the Clearing Member or through the Trader, in accordance with Clause Twenty-nine of this agreement.

#### **TEN. SETTLEMENT OF CONTRACTS.**

The Clearing Member must deliver any amounts of money, securities or both due from the Clearinghouse to the client or, when such is the case, due from the Client to the Clearinghouse, as a result of the clearing referred to in the preceding clause, and under the terms of the Clearinghouse Regulations.

In the event that the Clearing Member is obliged to pay to the Clearinghouse, on behalf of the Client, an amount of money, securities or both that may be due from it in accordance with this agreement, the Trust Contract, the Clearinghouse Regulations and the Operating Manual of the Clearinghouse, the Client must reimburse the Clearing Member for the total amount paid, with no deduction, contribution or withholding whatsoever, on the Business Day following the date on which they were effectively paid by the Clearing Member, on the understanding that if the Client does not make this payment it will incur interest on past-due amounts, as provided for in Clause Thirteen of this agreement.

#### **ELEVEN. REGISTRY AND CLEARING.**

The Client and the Clearing Member grant their consent for the Clearinghouse to register the Futures and Option Contracts traded on the Exchange on a daily basis, as well as to clear and settle the obligations arising from them.

Furthermore, the Clearing Member shall register all the positions in Open Contracts and shall value the Margin Securities under the terms established by the Clearinghouse.

#### **TWELVE. ACTS OF GOD OR FORCE MAJEURE.**

When for reasons of acts of God or force majeure it is impossible to settle a Future and/or Option Contract under the terms agreed upon, the Client consents for the Clearinghouse to take whatever measures are necessary according to the circumstances, so that its decision shall be binding to both the Client and the clearing Member. In these cases, the clearinghouse may, among other measures, extend the delivery date for the Underlying Assets, establish different venues for the settlement, and modify the settlement process or form of payment, whether in cash or in kind.

#### **THIRTEEN. REQUESTS FOR INFORMATION.**

The Client must supply the Clearing Member with all the information it may request to perform the obligations resulting from this agreement, including information on its financial situation.

In addition, the Client must inform the Clearing Member of any change in its objectives as stated in the general information section of this agreement, in other words, whether its objective is hedging, market exposure or both.

#### **FOURTEEN. AUTHORIZATION TO SUPPLY INFORMATION.**

The Client hereby expressly authorizes the Clearing Member to supply information on its identity, the trades it performs on its behalf, and the positions it maintains in the market, to the Clearinghouse, the Exchange, the supervisory and financial regulatory authorities of other countries through the Authorities, and to other Clearing Members in the case of default on Contracts, of cession of a Clearing Member's Open Contracts on the orders of the Clearinghouse, or under any other circumstances authorized by the National Banking and Securities Commission.

Furthermore, the Client authorizes the Clearing Member to supply any information needed by external auditors and third parties that supply services regarding the MexDer account systems and account and risk management systems, in order to perform those services.

Consequently, the Client shall not hold the Clearing Member liable for the exercise of the rights established in this clause, and shall have no cause for action against the Clearing Member and its service suppliers and/or Trustor A for these reasons, including the trust delegates, representatives, officers and employees of each of these.

Similarly, each Party authorizes the other Party (if it is a financial institution) to disclose information pertaining to the transactions, to: (i) parties to which it is obliged to supply information under the Credit Institutions Law, the Securities Market Act, and other applicable provisions; (ii) credit research agencies referred to in the Law to Regulate Credit Research Agencies; (iii) the regulatory authorities that govern the Party and its Affiliates; (iv) Banco de Mexico; and (vi) any other institution or party that may require information in order to perform the Transactions. The parties also expressly authorize Banco de Mexico to disclose that information in accordance with the applicable legal provisions.

Either party may at any time request in writing that the other Party inform it of third parties to whom it has supplied information regarding the first Party, or the Transactions it performs with that Party.

Neither Party shall be responsible for the way in which third parties make use of the information so provided.

#### **FIFTEEN.SPECIAL HEDGE POSITIONS.**

The Client acknowledges and accepts that in order to be able to exceed the position limits determined jointly by the Exchange and the Clearinghouse, it must prove to its Clearing Member that the transaction is a hedge. The Client must inform the Clearing Member, directly or through the trader, of the composition of transactions performed on the Exchange for the purposes of risk hedging. "Risk hedging" shall be understood to mean a short or long position that the Client maintains in the Clearinghouse that helps to hedge the risk of appreciation the Client maintains in other markets outside of the Exchange and the Clearinghouse, in securities of the same type as the Underlying Asset or other types of assets on which it is taking the risk hedge position. It must in these cases supply the Clearing Member with information on the nature of the hedge, including a description of the position it wishes to hedge, the number of Future and Options Contracts it wishes to maintain open, indicating their Class and Series, the term of the hedge, and the documents necessary to verify the existence of the hedge positions.

Once the Clearing Member has determined to its satisfaction that the conditions exist for setting up hedge positions, it must notify the Clearinghouse of the Client's intention to establish this position, before it trades the Contracts involved in the hedge.

The Client may only exceed the position limits established jointly by the Exchange and the Clearinghouse if its intention is to hedge a risk. If the hedge positions exceed the above-mentioned limits, the Client must sign a request for authorization to maintain positions above the limit positions, addressed to the Clearinghouse, and must include a sworn oath that all the information supplied by the Clearing Member as mentioned in the first paragraph of this clause is true. The Clearing Member must approve this information before it presents it to the Clearinghouse. The Clearing Member must accredit on behalf of the Client, before the Clearinghouse, the existence of a hedge position that exceeds the position limits, by the end of the business day following that on which those positions were established.

The Client acknowledges and accepts that the Clearinghouse may at its own discretion reject or deny the Client authorization to maintain special hedge positions, so that when the Clearinghouse rejects a special hedge position, the Client agrees that the Clearing Member may comply with its obligation to verify that the necessary number of Contracts is closed in order to comply with the position limits. It must therefore inform the Client that the Clearinghouse has rejected the special hedge position, and provide the identification number of the Open Contracts that the Client must close immediately. If the Client does not immediately order the closure of those positions, the Client authorizes the clearing Member to send, on behalf of the Client, the orders to close the number of necessary Contracts to comply with the limit positions, leaving the Clearing Member free of any responsibility for the losses which the Client may incur as a result of the closure of positions originating from the Clearinghouse's rejection.

#### **SIXTEEN. DEBITS AND CREDITS.**

The Client authorizes the Clearing Member to make the debits and credits in the corresponding accounts indicated in the General Information section of this agreement, to cover the Margins, Daily Settlements, settlements at expiration, conventional penalties, back interest, fees and commissions on its behalf. In addition, it instructs the Clearing Member to credit the yields generated on the Margins and gains generated from trading in Futures and Option Contracts, after making the appropriate tax deductions, provided the funds are credited to the corresponding accounts indicated in the General Information section of this agreement.<sup>1</sup>

---

<sup>1</sup> The content of the first paragraph of this clause will depend on the service scheme selected. If the Client deposits margins in the accounts opened in its name with the credit institution that acts as the trustee of the Clearing Member, the content of the clause will be as follows:

"The Client authorizes \_\_\_\_\_, S.A., Institución de Banca Múltiple, Grupo Financiero \_\_\_\_\_, to make the debits and credits in the corresponding accounts indicated in the General Information section of this agreement, to cover the Margins, Daily Settlements, settlements at expiration, conventional penalties, back interest, fees and commissions on its behalf. In addition, it instructs the Clearing Member to credit the yields generated on the Margins and gains generated from trading in Futures and Option Contracts, after making the

The preceding paragraph does not preclude the Client's obligation to meet each of its payment obligations under the terms established by the Clearing Member.

The client must maintain sufficient funds in the accounts indicated in the general information section of this agreement, on the Expiration Dates and on any other payment date, on the understanding that this authorization does not free the Client from its payment obligations, until the Clearing Member receives the necessary amounts to perform the requested transactions.

The parties expressly agree that the accounting records, account statements and receipts and documents that are issued in connection with debits and credits in the account for cash transfer, or regarding accounting movements and records made under this agreement, shall constitute proof of the debits and/or credits in the Client's accounts.

If the Client decides to make any change in the accounts specified in the accounts specified in this agreement, it must send a written notification to the Clearing Member 5 (five) Business Days in advance; the Clearing Member, which reserves the right to accept it.

#### **SEVENTEEN. SOUND MARKET USES AND PRACTICES.**

The client shall at all times observe sound market uses and practices and comply with the obligations applicable to it as established in the Exchange Regulations.

The sound market uses and practices that the Client must observe include, but are not limited to, the following:

- a) To refrain from trading Futures and Options Contract for their own benefit or that of others, with any Underlying Asset whose price may be affected by the use of inside information, as long as said information is classified as such.

For the purposes of the preceding paragraph, inside information is understood to mean knowledge of acts, deeds or events about which the general public has not been informed and that are capable of influencing the prices of Underlying Assets that are the basis of Futures and Options Contracts, while this information has not been made public knowledge, or under any other situation which defines "inside information" in the Exchange Regulations. .

- b) To refrain from engaging in simulated trades or triangulation through different brokerage contracts in an effort to manipulate the prices of Future or Option Contracts.
- c) To refrain from entering into Future or Option Contracts based on Underlying Assets in which the Client is prohibited from trading under the prevailing regulations.
- d) To refrain from distorting the price formation process, interrupting the orderly operation of the market, or provoking artificial movements in the quotations of an Underlying Asset or a Futures or Option Contract on the Exchange.
- e) To refrain from entering into Exchange-listed Futures or Options Contracts outside of the Exchange.
- f) To refrain from committing any act that might directly or indirectly affect the image or financial integrity of the Exchange, the Clearinghouse, a Client, Clearing Member, or the market in general.
- g) To comply with the payment obligations derived from Futures and Options Contracts traded on the Exchange.
- h) To make notification of the start of any bankruptcy, default or suspension of payment procedures against it or against its shareholders, subsidiaries, or affiliates, as well as of any definitive sentencing for crimes of property against any of those parties.
- i) To make notification when it becomes aware of any violation of the existing market regulations.
- j) To comply with the resolutions reached in the arbitration proceedings of the Exchange, and with any resolutions to impose trading restrictions under the terms of the Exchange Regulations.
- k) To refrain from directly or indirectly performing transactions for third parties, except in the case of foreign financial institutions that maintain accounts with characteristics that are equal, analogous or similar to Global Accounts, and which have been authorized by the Exchange.
- l) To refrain from trading in violation of the laws and, in general, of the applicable rules and provisions.

#### **EIGHTEEN. CONVENTIONAL PENALTIES.**

---

appropriate tax deductions, provided the funds are credited to the corresponding accounts indicated in the General Information section of this agreement.”



The Client acknowledges and accepts that the Clearing Member may demand payment of conventional penalties if the former engages in any of the actions enumerated in the preceding clause, without prejudice to any other measures that may be adopted by the Exchange or the Clearinghouse under the terms of their respective regulations.

These conventional penalties shall be determined by choosing the highest amount from the range established in the Exchange Regulations, as a multiple of the daily minimum wage for Mexico City, and the Client may submit to the arbitration proceedings established in the Exchange Regulations.

The Client acknowledges that the proceeds of any fines levied shall be recorded under the terms of the Clearinghouse Regulations.

#### **NINETEEN. TRANSACTION RECEIPTS.**

The Clearing Member, either directly or through the Clearing Member, according to the terms agreed upon in the respective agency and Service Contract, shall send and keep available for the Client a receipt for each transaction performed under this agreement and the Trust Contract, containing all the necessary information to identify it, and the amount of the transaction. If the Client does not receive the receipt on the Business day following that on which the transaction was performed, it must collect it at the offices of the Clearing Member or, when applicable, the Trader where its account is managed. This receipt is independent of the record of the transaction that must be reflected in the monthly account statement.

#### **TWENTY. SAFETY NET.**

The Client authorizes the Clearinghouse to comply with the measures and obligations established by the security net referred to in the Rules and Provisions, and to act with its extraordinary faculties under the terms of the Exchange Regulations, the Clearinghouse Regulations, and the Trust Contract.

The Clearing Member shall have the authority to close the Open Contracts of the Client and use the Margins to meet any of the obligations stemming from the Futures and Options Contracts traded on its behalf, according to the Clearinghouse Regulations.

#### **TWENTY-ONE. PRECAUTIONARY MEASURES.**

The Client agrees that the Clearing Member shall have the authority to close Open Contracts by performing an opposite transaction in the same Series, on instruction by the Exchange and the Clearinghouse, as a precautionary measure under the situations and terms established in Chapter Two of Title Seven of the Exchange Regulations, generating, when applicable, the corresponding rights and obligations.

The Client shall not hold the Clearing member, the Exchange or the Clearinghouse liable for acting under the terms established in this clause.

#### **TWENTY-TWO. MONTHLY ACCOUNT STATEMENT.**

The Clearing Member must send a monthly account statement to the Client at the last domicile on record, within the 10 (ten) Business Days following the cutoff date.

The account statement must include at least:

- a) The net realized and unrealized gain or loss.
- b) The amount of Margins received and delivered, their return and any amount available.
- c) Transaction date, acquisition price, and volume.
- d) Final position at the close of the period.
- e) Fees and commissions charges.
- f) Applicable fiscal requirements.
- g) Any other information considered relevant for the Client.

The Client may object to the records that appear in the account statement by means of a written notice to the Clearing Member, within 20 (twenty) Business Days following the date the statement was sent, on the understanding that if the Client does not present any objection within that term, the records shall be understood as accepted.

A copy of the account statement shall be made available to the Client at the offices of the Clearing Member starting 10 (ten) Business Days after the monthly cutoff of that account statement. If the Client does not receive the account statement starting from the tenth Business Day following the cutoff date, it may collect it at the offices of the Clearing Member.

#### **TWENTY-THREE. RELEASE FROM LIABILITY.**

The Client hereby releases the Clearing Member, the Exchange and Clearing House, for liability in connection with any loss, damages, expense or cost that it may incur or suffer, or from any liability or claim brought against it as the result of the suspension or interruption of trading of Futures and/or Option Contracts, in the transmission of information, of any error attributable to the systems of the Exchange, Clearinghouse, service providers referred to in Clause Eighteen, above, or the Clearing Member, provided they are not due to negligence, fraud or bad faith.

#### **TWENTY-FOUR. NOTIFICATIONS.**

All notices and any other communication that must be sent to the Client shall be sent to the address indicated in the General Information Section of this agreement. All notices and any other communications established in this agreement that must be transmitted to the Clearing Member must be sent to the following address:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attn: \_\_\_\_\_

Unless the parties notify each other in writing of a change of address or fax number at least 10 (ten) business days in advance, all notifications and other legal and extra-legal procedures made at the addresses and fax numbers indicated in this agreement shall have full legal effect.

**TWENTY-FIVE. ISSUANCE OF DOCUMENTS.**

The receipts, proofs, account statements and other documents that the Clearing Member issues to the Client to accredit the receipt or transfer of securities and cash, shall always be issued in the name of the Client, and are not negotiable under any circumstances.

**TWENTY-SIX. BACK INTEREST.**

The parties agree to pay the other party any amount due to it on the same day upon which it is due.

The parties acknowledge and accept that in the event they fail to comply with their payment obligations in connection with Margins, fees, commissions and outlays by the Clearing Member, the Exchange, the Clearinghouse, the Client and, when applicable, the Trader, or any other failure to make payment in connection with the performance of legal actions mentioned in this agreement, they shall be liable for back interest accrued from the date on which the payment should have been made and until the effective payment date, at a rate equal to that indicated in the general information section of this agreement. The interest shall be generated for the time the amount remains unpaid, at a gross annual interest rate which shall be divided by 360 (three hundred and sixty) days, and the result multiplied by the number of calendar days transpired from the date the failure to pay first occurred, until the payment date.

The Client shall hold the Clearing Member free of responsibility from any legal contingency that may arise by virtue of a joint obligation the Clearing Member assumes on its behalf.

**TWENTY-SEVEN. TERMINATION.**

Failure of any of the parties to comply with any of the obligations derived from this agreement, or failure by the Client to comply with the obligations established in the Brokerage Contract, shall give the other party the right to terminate this agreement with no further responsibility and without legal statements, by merely notifying the non-complying party of the termination in writing. Once the notification referred to in this clause has been made, no more Futures or Option Contracts may be traded except for the purpose of performing contrary trades to close positions, and their terms shall prevail until the total settlement of the transactions performed under this agreement. The above notwithstanding, all payment obligations shall remain current until they are fully covered, without prejudice to the content of Clause Twenty-two of this agreement and of the Trust Contract.

**TWENTY-EIGHT. REMUNERATION.**

The Client must pay the fees, commissions, and other expenses generated in connection with the performance of transactions under the terms of this agreement, along with the corresponding tax, in the amount, form and term established by the Clearing Member, which shall notify the Client of these through the Trader.

**TWENTY-NINE. DURATION.**

This agreement shall remain in effect for an indefinite period of time, although the parties may terminate it at any time by notifying the other party in writing 10 (ten) Business Days in advance. From this date on, nor more Futures or Option Contracts may be traded except for the purpose of performing contrary trades to close positions, and their terms shall prevail until the total settlement of the transactions performed under this agreement.

**THIRTY. MODIFICATIONS.**

In the event of modifications to this agreement, the Clearing Member shall send the Client a modifying agreement to the latest address on record, with return receipt. The Client may object to the terms of the agreement within two days, on the understanding that any act or instruction made by the Client in accordance with the terms of the modifying agreement during that term shall be understood as an acceptance of those terms and shall have full legal effect.

**THIRTY-ONE. TAX OBLIGATIONS.**

The parties shall have the tax obligations that correspond to them in accordance with the applicable laws; on the understanding that when applicable, the Client authorizes the Clearing Member to charge to Margins the amounts necessary to comply with its tax obligations.

**THIRTY-TWO. MEANS OF PROOF.**

The original camera negatives obtained by the microfilming system, and the images taped on optical disk systems or by any other medium authorized by the National Banking and Securities Commission, as well as the printouts obtained from those systems, duly certified by an authorized officer of the Clearing Member, shall have the same probative value in legal proceedings as the books, records and microfilmed records, recorded on optical disk or preserved by any other authorized medium.

**THIRTY-THREE. DEFAULT.**

In the event that the Client fails to comply with any of the obligations assumed under this agreement, the Clearing Member shall have the authority to apply the measures provided for in the event of default, under the terms of the Trust Contract, the Clearing House Regulations and Clearing House Operating Manual.

**THIRTY-EIGHT. JURISDICTION AND COMPETENCE.**

For the interpretation, compliance and legal enforceability of this Contract, the parties agree to abide by the Rules, Provisions, Exchange Regulations, Clearinghouse Regulations, Exchange operating Manual and Clearinghouse Operating Manual, as well as by the applicable laws and competent courts of Mexico City, the Federal District, and waive their right to take legal action under any other jurisdiction that may be available to them by virtue of their present or future domiciles.

The above notwithstanding, the parties may agree to conciliatory procedures and, when applicable, arbitration proceedings, under the terms of the Exchange Regulations.

This agreement is signed in Mexico City, the Federal District, on \_\_\_\_\_ (date) \_\_\_\_\_, with each party retaining a copy of the contract.

|                                      |                             |
|--------------------------------------|-----------------------------|
| For the Clearing Member<br><br>_____ | For the Client<br><br>_____ |
|--------------------------------------|-----------------------------|

## ATTACHMENT 1

### STATEMENT OF RISKS

Principal Rights, Obligations and Risks for clients that participate in MexDer, Mercado Mexicano de Derivados (the Mexican Derivatives Exchange)

#### INTRODUCTION:

Trading derivative products requires clients to make well-founded decisions, meaning they must be based on accurate, clear, complete and timely information. For this reason, all the organized derivative products markets have a regulatory framework (contracts, bulletins, regulations, etc), that define the rights, obligations and risks for clients, Exchange Members (Trading Members and Clearing Members), Derivatives Exchanges and Clearinghouses.

In this context, Trading Members (hereinafter, TMs), Clearing Members (hereinafter, CMs) and MexDer, Mercado de Derivados (the Mexican derivatives market; hereinafter, MexDer), along with Asigna, Compensación y Liquidación (the clearinghouse; hereinafter, Asigna), believe that the rights, obligations and risks this market offers to clients present great opportunities to enter into transactions with a high added value. They also recognize, however, that the associated obligations and risks require each client to understand the essential importance of knowledge, prudence and management in their investment decisions, so that they can reap the potential benefits of derivative product trading.

This document is intended to help Clients understand the rights and obligations they assume when they enter into a contract with a TM or an CM, and the risks they take on in trading Futures Contracts on MexDer. In general, the rights of Clients entail primarily coverage against risk, protection of their interests against possible unsound or illegal practices by the TMs or CMs, and the provision of services by these institutions. Their obligations are intended to safeguard their rights, establish equitable conditions for trading on the market, and facilitate the coverage of their individual risks as well as general market risk. One of the market's central objectives, in fact, is to cover, or hedge, risks. However, clients also face risks not covered directly by the derivatives they trade or the services supplied to them by the TMs, CMs, MexDer or Asigna.

#### PRIMARY RIGHTS OF CLIENTS:

In specific terms, Clients have rights stemming from the Futures Contract they enter into, from the provision of services covered by their contract with the TM or CM, from the services supplied by MexDer and Asigna, and from the activities and powers of the Mexican financial authorities.

The purchase and sale of futures contracts on MexDer gives each client the primordial right to lock in the sale or purchase price of an asset, in order to perform transactions at a pre-established future date, in a climate of liquidity and financial solvency. The conditions of these derivative products are established in the General Contract Conditions published by MexDer, and delivered to clients by their TMs and CMs.

Service provision contracts with a TM or CM gives each client a series of rights inherent to this type of commercial relationship, basically involving the trading of derivative products on MexDer on behalf of the client, and clearing and settling those trades through Asigna. The main services supplied by TMs and CMs, along with the respective basic rights of the clients, are established in rules issued by the Mexican financial authorities, by MexDer and Asigna; Members may also supply other services to Clients.

Clients also have rights pertaining to access to information and services supplied direction by MexDer and the financial production of Asigna, which serves as counterparty to every transaction performed on MexDer. These rights are guaranteed through systems and procedures, and their precise scope is established in the Internal

Regulations and Operating Manuals of those institutions, which are available to all current and prospective participants in the market.

In addition, as users of financial services, clients have a series of rights protected by the financial authorities under the terms of existing legislation.

The following sections specify the primary rights of clients. All of them are enforceable with the limits established in the "risks" section, and provided the clients are in compliance with their obligations.

**HONESTY AND GOOD FAITH IN SALES:**

1. Equal treatment and opportunity with other clients.
2. Receive accurate and truthful information about the performance of the TMs and CMs that it hires to serve as its brokers.
3. Receive sales material and information from the TMs and CMs in keeping with the central content of the Code of Professional Ethics of the Mexican Securities Community and the sound practices established in MexDer's Regulations, representing:
  - a) The benefits permitted by existing regulations on compensation, indemnification, etc.
  - b) The return that may be obtained only from the nature of the Futures Contracts or their purchase and sale.
  - c) Policies on service charges and any expenses involved in the transactions performed.

**COMPLETE AND CORRECT INFORMATION FOR DECISION-MAKING:**

1. Receive from the CM directly, or if such is the case, through the TM:
  - a) The General Contract Conditions, which indicate, among other aspects, the size of the contract, expiration dates, daily settlement, required IMs, form of settlement at expiration (cash or physical), and information on the financial rights and obligations associated with the trading of Futures Contracts.
  - b) The MexDer unified account number under which the Client may trade simultaneously with several TMs and CMs.
2. Prompt access through public media to:
  - a) The financial statements of MexDer and Asigna
  - b) Prices and bids in effect during the trading session
  - c) Settlement prices of each day by contract class and series.
  - d) Material, unusual or extraordinary events that may have taken place during the trading session and which hamper or impede transparent and orderly development of the market.
  - e) Emergency or extraordinary measures adopted by MexDer and Asigna during the trading sessions.
3. Free information on the market on the premises of MexDer.
4. Receive recommendations from the TM or CM that the Client has chosen as its intermediary, which represent their well-founded opinion, based on publicly available information.

**INFORMATION ON RISKS:**

1. Obtain clear and complete information from TM or CM with whom they have signed a service contract on the risks associated with trading in the market.
2. Receive an informational document about risks from the CM when they join the respective trust.

3. Receive information from their CM on the safety net in place for the overall market and for the CM itself, incorporating at least the following information:
  - a) The IMs defined by Asigna
  - b) Joint obligation of CM toward Asigna
  - c) Mutualization of margins and funds
  - d) Joint obligation of the CM
4. To agree with the CM with which it has signed a service contract, in keeping with the Client's creditworthiness, on the following:
  - a) Variation margins (hereinafter, VMs)
  - b) Position limits
  - c) Opening of credit lines, when necessary
5. Access through public media to the financial statements of the CM that clears and settles its transactions.

#### **PROFESSIONAL ACCOUNT MANAGEMENT**

1. To agree on the following aspects with the TM or CM they have hired to trade for them on MexDer:
  - a) The mechanism for drafting instructions to trade derivatives, with specification by the TM or CM of the mechanism for inputting orders and assigning trades.
  - b) Designation of the agent(s) for drafting instructions.
  - c) Designation of the salesperson with whom they will deal.
  - d) Fees and commissions payable for each transaction, based on information received about the collection policies of the TM or CM.
  - e) Account maintenance strategies.
  - f) Limits by which the account should be managed if the contract specifies discretionary handling.
  - g) Precise instructions that must be followed by the TM or CM if they need to confirm an instruction before executing it and they cannot locate the Client.
  - h) Additional services it wishes to receive from the TM or CM.
2. Agree on the following aspects with the CM it has chosen to settle its trades on MexDer:
  - a) The opening of a segregated account for the positions it has opened with other entities of the financial group to which the CM belongs.
  - b) The form, mechanism and times for transferring funds to the settlement account.
  - c) The fees and commissions payable, based on information received previously on the collection policies of the CM.
  - d) Additional services it wishes to receive from the CM.

4. Demand that the TM or CM it has chosen to trade on its behalf on MexDer respect its investment and hedging strategies.

**PROFESSIONAL, RESPONSIBLE, TRANSPARENT AND GOOD-FAITH ADVICE:**

1. To be attended regardless of the size or nature of their holdings by persons whose qualifications have been certified by MexDer.
2. To demand from the TM or CM that the advice they receive is in keeping with the Code of Professional Ethics of the Mexican Securities Community and the applicable provisions issued by MexDer and Asigna.
3. To receive from the TM or CM they have chosen to trade on their behalf on MexDer, information and, if such is the case, recommendations regarding the produces or services most suitable to their investment objectives, such as:
  - a) The opening of a discretionary account in cases approved by the Authorities.
  - b) The opening of a non-discretionary account.
  - c) The types of orders that may be used for appropriate implementation of their hedging or investment strategies.
4. Receive, if included in the agreement with the TM or CM they have chosen to trade on their behalf on MexDer, available and relevant public information for making well-founded decisions.
5. Receive, if included in the agreement with their TM or CM, recommendations from accredited personal regarding the purchase and sale of futures contracts, distinguishing between information from the market or issuer, and that which is a recommendation or opinion.
6. Receive diligent treatment from the accredited personnel of the TM or CM in the execution of their transactions, in order to obtain the best conditions possible in the market at the time the respective transaction is performed.
7. Obtain from the accredited personnel of the TM or CM a transparent and legally acceptable assignment of their transactions.
8. Demand that the TM or CM respect the confidentiality of the instructions they draft and the purchases and sales of Futures Contracts in their accounts.

**EFFICIENT, COMMITTED MANAGEMENT**

1. Obtain liquidity services from the TM or CM for the purchase or sale of futures Contracts.
2. Receive information from the TM or CM on the execution of the transactions it has performed for them.
3. Know the mechanisms by which their orders or instructions are executed on the trading floor.
4. Receive prompt and equitable attention to their orders and instructions.
5. Agree with the CM they have selected to settle their transactions on the time frame and media for receiving the yield generated on open positions.
6. Receive from the CM they have selected to settle their transactions, on the expiration date of the Futures Contract, the underlying asset or payment therefore (in the case of physical settlement) or the proceeds of the last daily settlement (in the case of cash settlement)
7. Receive information from the CM on the interest generated on their IMs and VMs, and on cash transactions between the Client's various accounts.

8. Receive daily confirmation from the TM on the transaction it has been instructed to perform, either by telephone or any other media that has been agreed upon.
9. Receive the following information from its CM:
  - a) Daily confirmation executed transactions and their results, along with cash or securities movements that have taken place.
  - b) Monthly account statements specifying existing open positions, transactions in the period, statement of losses and gains on these transactions, and balance of the account.
10. Receive an invoice from the CM for the services supplied, a tax withholding and tax payment statement.
11. To have the joint responsibility of the CM as withholder before the tax authorities.

#### **COMPLETE AND ACCURATE RECORDS**

1. Obtain information positions recorded in their account, either directly from the CM or through the TM.
2. Demand that the positions in their accounts are recorded electronically and in keeping with generally accepted accounting practices and criteria.
3. Know the accounting criteria and practices that apply the proprietary positions of the TM, the CM and other participating financial institutions.
4. Require that the TM and LS keep a record of the positions and trades in its accounts for up to 5 years.

#### **PROTECTION AND ACCESS TO FUNDS**

1. Have Asigna serve as counterparty to all their transactions.
2. Incur no loss of rights due to default by the CM, the TM or other clients.
3. To have their accounts transferred by Asigna or MexDer to another TM or CM when their own TM or CM has defaulted on its obligations and is therefore under intervention by the authorities.
4. Freely transfer their positions and contracts when they have previously contracted another TM or joined another CM.

#### **PROTECTION AND APPEAL**

1. Demand that its TM or CM promptly reply to its complaints and claims.
2. Use the media provided for by MexDer to report incorrect actions or unsound practices by their TM or CM or by other parties, as well as to report the violation of their rights.
3. Use the media provided for by MexDer to appeal the decisions of self-regulatory authorities and resolve any disputes with the TM, CM or other market participants.
4. Receive protection from the Public Authorities by means of their supervision of the market and its participants; from MexDer and Asigna by means of their self-regulatory oversight of the market and its participants; and from their TMs and CMs by means of procedures they have for controlling services and avoiding conflicts of interest.



## **PRIMARY OBLIGATIONS OF CLIENTS :**

The derivatives markets seek continually to reduce the demands placed upon clients in terms of the obligations associated with trading Futures Contracts. Technological development has allowed them to make better use of the information supplied by clients and significantly lowered the cost of meeting their obligations. Prompt and diligent attention to their obligations by clients has helped to further reduce the cost of services supplied by Members, the Derivatives Exchange and Clearinghouse. Failure to comply with these obligations may result in sanctions for clients and their possible exclusion from the markets.

At the same time, more attention has been paid to oversight of sound market practices, risk coverage and prudential protection. This has strengthened some rights pertaining to liquidity and quality in price formation. It also entails new obligations in the area of disclosure by Clients.

Clients may only demand their rights if they themselves are in compliance with their obligations. If they are not, they may be sanctioned by the Public Authorities as well as by MexDer and Asigna, in the form of contractual penalties and lawsuits.

The following are the primary obligations of Clients. For more detail, see the applicable contractual and legal provisions.

1. Read and understand the information contained in the service contract they sign with the TM and the standard-form agreement it signs with the CM.
2. Inform and keep their TM and CM up to date regarding:
  - a) Personal Information (address, telephone, etc.)
  - b) Authorized Agents.
  - c) Activity or Area of Business.
  - d) Financial Situation
  - e) Experience in Derivatives Trading.
  - f) Investment and Hedging Objectives of their Trading in Futures Contracts.
  - g) Tax profile.
  - h) Liquidity Needs.
  - i) Expected Term of Investment.
  - j) Instructions Regarding Limits and Products for Account Handling, in the case of discretionary accounts.
3. Keep their CM up to date with the information needed to correctly rate their risks.
4. Keep credit lines up to date when necessary
5. Deliver the required IMs and variation margins to the CM, directly or through the TM, before entering into any transaction.
6. Refrain from beginning trading without having obtained a clear explanation from the CM and TM of the rates, rights, commissions and charges for which it may be liable, to the extent that said costs reduce the Clients' net income or, when such is the case, increase their loss.
7. Promptly pay the fees and commissions arising from the services supplied to them by the TMs and CMs, and from the purchase and sale of Futures Contracts.

8. Contribute whatever funds are necessary to meet IM calls from Asigna.
9. Authorize the CM to conduct the necessary investigations with the National Credit Bureau (of Mexico).
10. Submit the VMs requested by the CM.
11. Make payments to the CM to replenish margins when there have been losses in the daily valuation of their positions.
12. Obey and fully comply with the resolutions of Asigna and MexDer for settling contracts and reducing positions in the event of extraordinary or emergency situations.
13. Observe sound market uses and practices in trading Futures Contracts.
14. Refrain from spreading rumors or engaging in transactions that distort the price formation process.
15. Authorize the TM and CM to close any open contracts in the Clients' accounts in the event of a default on their payment obligations.
16. Maintain sufficient Margins for covering their tax obligations.
17. Authorize the TM and/or CM to provide information on the Clients' transactions and positions to the financial authorities and self-regulatory authorities of Mexico and other countries, particularly MexDer and Asigna, for the purposes of supervision and surveillance.
18. Contribute additional information on positions and transactions when requested by MexDer, Asigna or the financial authorities.
19. Cover any losses or costs the CM may incur through the Clients' failure to promptly comply with its obligations.
20. For foreign residents, supply the CM with all information that may be required by the Mexican tax authorities.

#### **RISKS OF FUTURES TRADING:**

Given the nature of derivatives product markets throughout the world, it is recommendable the Clients understand the nature of the risks involved, and the contractual relation to which they will be bound, before beginning any transaction in Futures Contracts.

Futures trading is not appropriate for all individuals or companies, so each Client must decide whether or not to engage in trading on MexDer based on its own experience, objective, financial resources and other aspects. Participation in this market requires the knowledge and analytical capacity for decision-making. In trading Futures Contracts, the Client must also constantly track its positions. Derivatives involve considerable risk, and if not properly managed, a gain could rapidly become a loss when prices change.

The procedures that apply to MexDer, Asigna, to CMs and TMs as well as their auditors, are derived from the Rules and Prudential Framework created by the financial authorities, as well as the Internal Regulations and Manuals issued by the institutions that supply services to the market. The actions of the institutions are also governed by the Code of Professional Ethics of the Mexican Securities Industry. All the rules contained in those ordinances are consistent with the standards and sound practices adopted by leading international markets.

The following sections describe the specific risks clients incur which are not covered by the market. These risks are common to all futures markets, and communicating them to potential Clients is an internationally-accepted practice.

1. Standardization of Contracts.

All the contracts traded on the market are standardized: they have the same expiration date, size, tick, quality and other characteristics, except price, contained in the General Contract Conditions for each Class and Series. The Client should bear in mind that these conditions **cannot be modified** to suit their particular needs. However, standardization allows for greater liquidity in the market, which expedites the process of opening and closing positions, in the event that price movements or adverse, or if the Client wants to realize its gains.

The Client must learn about the terms and conditions of Futures Contracts on MexDer and Asigna, and those conditions may change, so it is important the Clients remain up to date on these aspects.

## 2. Risks from Initial Margin (IM) and Variation Margin (VM) Requirements.

In order to guarantee performance of the obligations acquired in trading Futures Contracts on MexDer, the Client must contribute IMs, which may consist of cash or certain authorized securities. Asigna established IMs for all Futures Contracts that are listed and traded on MexDer. The CM's IM requirements for the Client may be higher than Asigna's, depending on the Client's credit rating and the extent of their financial disclosures. IMs submitted by the Client represent a small proportion of the value of the contract, and are used to cover negative differences (losses) due to adverse movements in the future price on any given trading day.

This amount may not cover all of the value of the loss. For this reason, in the event of sudden changes in the market, the Client must provide sufficient funds to deal with such eventualities. The CM, either directly or through the TM, will request these additional funds from the client (known as a margin call) to keep the Margins consistent at all times with the levels required by Asigna, and the VMs established by the CM, if such is the case.

If the Client does not deposit the required cash or securities in the stipulated amount of time, the CM shall proceed to close out the Client's positions, with no notification necessary.

## 3. Leverage Risks.

Positions in Futures Contracts on MexDer involve a high degree of risk. The amount of the IMs is slight in comparison to the total value of the Futures Contract, so transactions are highly "leveraged." A relatively small movement in the market price of the underlying asset will have a proportionately larger impact on the IMs the Client has deposited. This movement may be either to the benefit or detriment of the Client's accounts. The Client may experience a total or even greater loss of the IMs and VMs it had deposited with the CM to cover its position.

If the market moves against the Client's position, or if Asigna increases the level of the IMs, the Client may be required to supply additional funds to maintain its position. If the Client does not respond to the IM call, its position may be settled at a loss, and the Client would therefore be responsible for any resulting debit in its margin account with the trust.

## 4. "Base" Risk

The "base" in a Futures Contract is the difference between the price of the underlying asset on the spot market and its price on the futures market. This does not mean that these prices move systematically in the same proportion, or even in the same direction. Despite this, positions in Futures contracts help to hedge the Client's risks particularly when it carefully adjusts its hedging requirements to the characteristics of the classes and series of Futures Contracts available on MexDer.

Given the standardization of contracts, the "base" risk is present in the following situations:

- 1) The Client does not have a contract maturing on the exact date on which it wishes to establish a position;
- 2) The size of the contract does not allow the Client to precisely cover the amount required; or
- 3) The contract's characteristics are different from the risks the Client wishes to hedge.

## 5. Conversion Risk

Positions in foreign currency may be highly volatile. Under these conditions, the profit or loss generated on transactions in Futures Contracts denominated in foreign currency (i.e., not in Mexican pesos) is exposed to variations in the exchange-rate parity of that currency with the Mexican peso or another currency, particularly at times of extreme exchange-rate volatility. This is relevant to the extent that the Client needs to convert the currency or re-express the value of those Futures Contracts in Mexican pesos.

## 6. Systematic Risk

Systematic risk is present when the financial system as a whole undergoes structural insufficiency and/or an inability to withstand substantial amounts of market, credit or settlement risk. These conditions may lead to failures, reduced liquidity or the temporary suspension or closure of trading. MexDer and Asigna are exposed to this type of risk, as are all Members and Clients.

In order to avoid allowing possible structural insufficiencies to affect the derivatives market, MexDer and Asigna have developed preventive and corrective measures to minimize the negative effects of systematic risk. Some of these measures include:

- a) The imposition of a minimum capital or equity requirement upon Members, according to the level of risk they incur;
- b) The fixing of limits on the position that each Client may have open or in opposite position.
- c) The authority of MexDer, Asigna and the financial authorities to take emergency actions;
- d) The segregation of the CM equity from bank and brokerage firm positions, and of proprietary position trusts from third-party trusts; and
- e) The operation of a safety net by Asigna and the CMs, which, under extreme circumstances, allows the orderly closure of positions by Clients and Members in default.

## 7. Trading Risk

Most trading facilities are supported by electronic systems used to receive orders, route them to the trading floor, present bids and quotes, record trades, clear and settle transactions, administer accounts and track and control risks. Although the systems used by MexDer, Asigna and the Members meet high standards of performance and security, those systems may suffer failures or temporary interruptions. This may temporarily make it difficult or impossible for a Client to perform transactions, receive reports or confirmations, or receive the proceeds from the settlement of their positions or of the transactions performed.

Even though MexDer, Asigna and the Members have security mechanisms involving contingency systems and plans to guarantee continuous trading, and make their best effort to administer the process of trading, clearing, and settlement and information disclosure, Clients should be aware that:

- i. MexDer and Asigna are not responsible for the effects of human errors or the malfunctioning of the systems that support trading in Futures contracts; and
- ii. Members also accept only limited responsibility for errors in the receipt of orders, execution of instructions, assignment of trades and management of the accounts they administer.

The limits of responsibility and the contingency procedures that Members establish for this type of operating error may vary, so the Client should be aware of these and be prepared to act under those circumstances.

## 8. Autonomous Safety Net for the Derivatives Market.

MexDer uses proven risk management and financial supervision techniques to protect Clients as well as TMs and CMs from possible default on the obligations associated with the trading of Futures Contracts.

Asigna acts as counterparty to the Client in each Futures Contract (it acts as the seller to each buyer and the buyer from each seller), thus ensuring the integrity of all trades transacted on MexDer. Asigna is backed by its CMs, as well as a Clearing Fund. The combination of these elements affords a solid safeguard for the protection and benefit of the end users of MexDer-listed contracts.

Clients' positions are not guaranteed by the federal government, nor are they supported by any federally-backed fund.

For this reason, in Mexico, the entire equity of all the CMs and Asigna is used as a guarantee for the Clients' individual rights.

#### 9. Risk of Suspension and Restriction of Trading.

Occasionally special conditions may emerge in the market (a lack of liquidity, for example) or emergency situations relating to the trading of underlying assets (for example, suspended trading when certain prices surpass the parameters established for stocks traded on the Mexican Stock Exchange or other markets where the underlying assets are listed). These special conditions may increase the risk of losses because they may make it more difficult or impossible for a Client to trade and/or clear and settle positions. They may also alter the normal relationship between the price of the underlying and the price of the Futures Contract. The absence of a reference price for the underlying asset may make valuation of Futures Contracts difficult, increase the spread between bid and offer prices, and reduce the liquidity of the derivatives market.

#### 10. Inability to Reduce Risk through Instructions and Strategies.

In order to administer market risk, a Client may adopt certain trading strategies that it implements through instructions to execute trades according to specific characteristics agreed upon previously with the TM. Among others, the Client may use the following instructions:

- i. Stop order, in which the Client instructs the TM to trade buy or sell Futures Contracts at the market price once they have been traded on MexDer at a specific level, called the price condition. This type of order involves a risk that they may be activated and/or executed when the price conditions is met, but that the price may quickly return to its previous level without the Client having obtained its purpose.
- ii. Stop loss order, in which a Client instructs the TM to trade Futures Contracts at an established sale (or buy) price below (or above) the current price, in order to protect any gains that may have been obtained, or avoid possible losses on their open positions. These types of instruction involve the risk that market conditions may make it impossible for them to be executed.
- iii. Stop limit order, in which a Client instructs the Member to trade buy or sell Futures Contracts at a specified price or better, but only after a certain price condition is met or surpassed. This type of instruction involves the risk of losing the market because the price may not reach the specified level or better.

#### 11. Risk Stemming to the Absence of Liability Limits for Clients

The structure of margins, trading commissions, taxes and other charges, together with the financial "leverage" implicit in futures positions, means that a Client may experience loss equivalent to all of its margins, or greater. The Client is financially liable to the CM for restoring margins to the requested levels and for covering all the losses incurred on its positions.

Once the Client's positions are closed, the CM has the right to charge the Client for the total amount of the losses incurred, including, when applicable, any costs the CM itself incurred as a result of the Client's default. There is no limit on the liability of Clients.

#### 12. Risks for Foreign Residents.

All Clients must abide by the rules and self-regulatory provisions in effect in Mexico. No foreign regulation may be invoked in the event of a dispute.

Individuals or corporations that are resident of foreign countries, and who trade on MexDer, should recognize that the Mexican derivatives market is subject to the current laws and regulations of Mexico. Mexican regulations and laws regarding investor protection may be different from those that apply in the Client's country of residence.

The financial authorities, MexDer and Asigna are authorized to sign collaboration agreements with the authorities and self-regulatory entities of other countries in the area of supervision and surveillance, according to the powers vested in them by the regulatory framework in Mexico. This may mean that, under certain circumstances, MexDer may have to supply information to the financial authorities of Mexico and/or other countries for the purposes of supervision and surveillance.

### 13. Transactions in Unlisted Derivatives

In some trades performed off the MexDer market, the TM, CM, or other intermediaries may represent themselves and act as a counterparty of the Client. The risk of these transactions lies in the fact that it may be difficult, or even impossible, to settle the existing position, calculate the market value of the position, determine a fair price or calculate the Client's real exposure to risk. For this reason, these transactions may involve different or even greater risk than what is found on the listed market.

These transactions may also be less regulated or subject to a different regulatory and tax regime. Before entering into these transactions, Clients should obtain detailed information about the rights, obligations and risks that apply to this type of instrument.

### 14. Transactions on Foreign-listed Markets

The TM or other intermediaries may offer Clients the opportunity to trade derivatives that are listed on foreign markets. These transactions may expose the client to additional risks. These markets are subject to regulations that may offer different or less protection than that of the Mexican listed market. Before beginning to trade, the Client should understand the specific rights, obligations and risks entailed. The Mexican financial authorities are unable to offer protection in other jurisdictions.

NAME

SIGNATURE

\_\_\_\_\_

**ATTACHMENT 2**  
**CLEARING MEMBER CORPORATE INFORMATION**

**Organizational Structure**

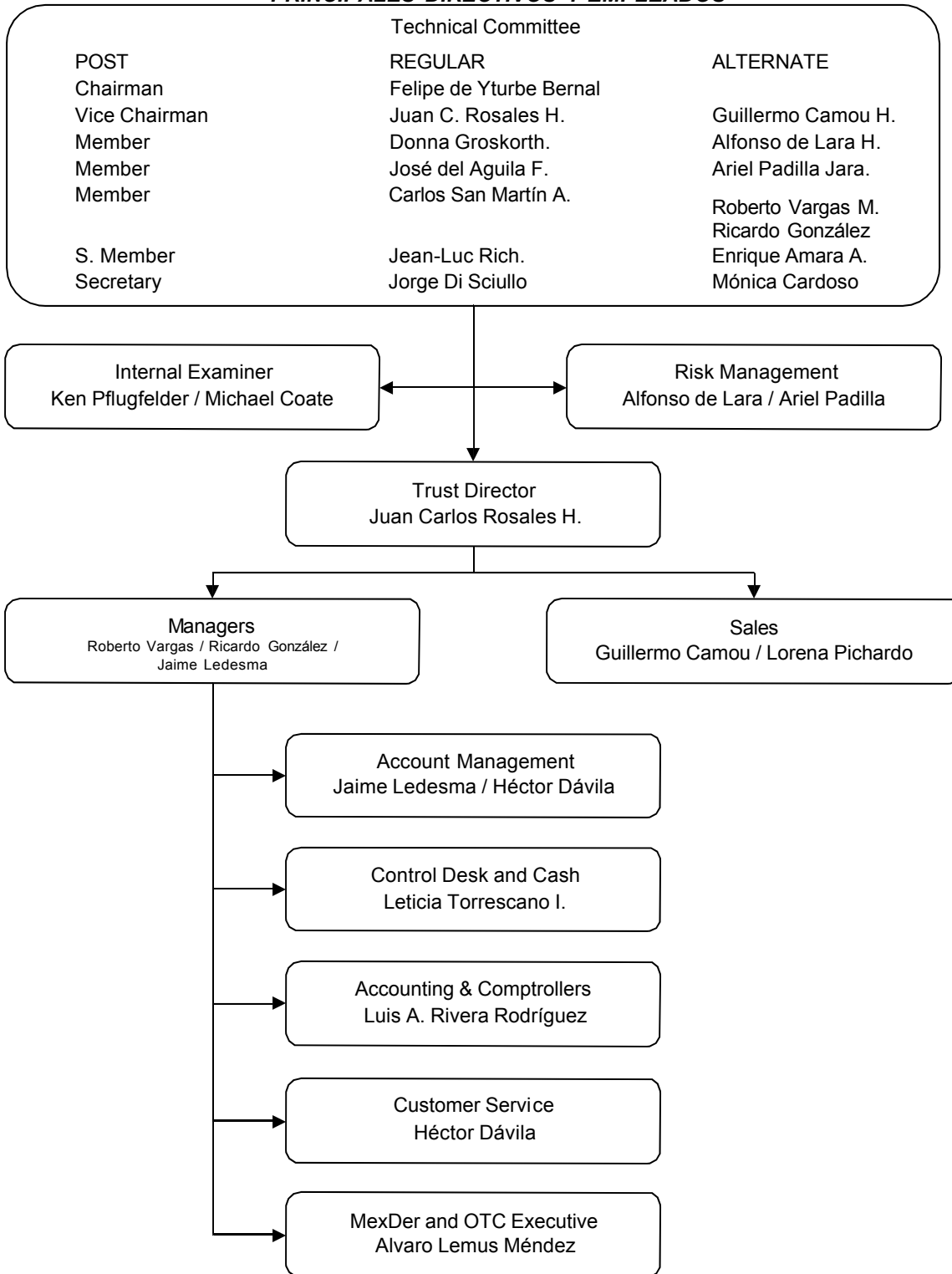
**Scotiabank Inverlat, S.A. Institución de Banca Múltiple, Grupo Financiero Scotiabank Inverlat**, decided to participate in MexDer as a Clearing Member and a Trading Member. To do so, the bank created one trust for clearing proprietary transactions, and another for clearing transactions on behalf of third parties. The bank acts as trustor and trustee in both trusts. The bank itself obtained authorization from the Ministry of Finance and Public Credit to create a subsidiary that would act as a trading member. This subsidiary, called **Scotia Inverlat Derivados, S.A. de C.V.**, is 51.16% owned by the bank, and 48.84% by **Scotia Inverlat, Casa de Bolsa, S.A. de C.V.** both Inverlat's clearing member and trading member operate under a management scheme that is governed by the principle of absolute confidentiality, and both are bound by the obligation to maintain banking secrecy.

**Figure 1. Organizational Structure of the Clearing Member**

The specific needs of the market have prompted the modernization of Inverlat's clearing member institution, which involved an evaluation of its functions and a new organizational structure. At present, its common activities are concentrated in well-defined units, as shown in the following chart:

**COMITÉ TÉCNICO**

**PRINCIPALES DIRECTIVOS Y EMPLEADOS**





This structure is supported by staff areas at Scotiabank Inverlat, which assist the clearing member in various aspects, as shown in the table below.

**Areas of Scotiabank Inverlat that assist Socio Liquidador Inverlat**

| <b>AREA</b>             | <b>EXECUTIVE</b>         |
|-------------------------|--------------------------|
| Systems                 | Tomás Guillén Cienfuegos |
| Credit                  | Donna Groskorth          |
| Legal Affairs           | Jorge Di Sciullo         |
| Accounting/Comptrollers | Jesús Velázquez          |
| Training                | Jorgina Calvo            |
| Human Resources         | Rodolfo Ponce            |

**In accordance with current regulations, only the accredited personnel of Socio Liquidador Inverlat are permitted to act as directors of trading, risk management, account management, and sales. The offices of both members are located at Lorenzo Boturini 202, Piso 1, Col. Tránsito, 06820 México, D.F.**

**NAME**

**SIGNATURE**

\_\_\_\_\_

|  |
|--|
| <p>"This agreement is signed in both Spanish and English (for information purposes).<br/>However the Spanish version will prevail in all cases."</p> |
|--|

**ATTACHMENT 3**  
**HOURS OF OPERATION**

HOURS OF OPERATION

- a) **Ordinary settlement** (any amount that is owed in connection with daily trading)  
Before 9:30 a.m.
- b) **Extraordinary Settlement:**  
45 minutes after receiving notification from the Clearing Member.
- c) **Expiration of contracts for physical delivery:**  
Deliver pesos and dollars before 12:00 noon on the business day following expiration  
Deliver pesos and shares before 12:00 noon on the business day following expiration.
- d) **Cash movements:**  
Withdrawals: Before 1:00 p.m.  
Deposits: Before 1:30 p.m.

**Customer service hours:**  
From 7:30 a.m. to 6:00 p.m.  
Monday to Friday

**NAME**

**SIGNATURE**

\_\_\_\_\_

"This agreement is signed in both Spanish and English (for information purposes).  
However the Spanish version will prevail in all cases."