

CHAPTER EIGHT

PREVENTIVE MEASURES AND DECLARATION OF EMERGENCY SITUATIONS

PART ONE

GENERAL PROVISIONS

800.00

The Clearinghouse has the right to impose preventive measures in cases in which a Clearing Member or Trader that manages Global Accounts has done any of the following:

- I. Failed to comply with the obligations stemming from its Transaction, including fees and commissions.
- II. Failed to comply with the obligations contained in this Regulation, in the Operating Manual, and/or any other provision issued by the Authorities, by the Exchange, or by the Clearinghouse itself.
- III. Is in abnormal financial or operational conditions.
- IV. That by virtue of the manner in which it conducts its transactions, it cannot be permitted to continue performing them.

801.00

A Clearing Member or Trader that manages Global Accounts which is unable to comply with any of the obligations assumed under the terms of the Asigna Trust, the Regulations, the Operating Manual, or the rules issued by the Exchange or the Authorities, must duly and immediately notify the Clearinghouse of this situation.

PART TWO

PREVENTIVE MEASURES

802.00

The Chairman of the Board or, in his or her absence, the Chief Executive Officer, is authorized to declare and execute preventive measures when the financial or operating condition of a Clearing Member or Trader that manages Global Accounts so requires. The Clearinghouse shall have the broadest faculties to impose, simultaneously or successively, one or more of the following measures:

- I. Impose restrictions on Transactions by the Clearing Member or Trader that manages Global Accounts, which may consist of:
 - a) Prohibiting it from engaging in Transactions that increase the number of Open Contracts;

b) Requesting the total or partial closure of Open Contracts.

- II. Require an increase the amount of its minimum equity or minimum capital to above the limit established in the Rules.
- III. Order the Clearing Member or Trader that manages Global Accounts to transfer administration of the Open Contracts from its Client Accounts, or, when applicable, from the Group Accounts that are current with their obligations, including the rights and obligations derived therefrom, as well as the Excess Margins.

The Chairman of the Board or, in his absence, the Chief Executive Officer, must inform the Sub-Committee on Admission and Risk Management, the Exchange, and the Authorities, of the preventive measures taken, on the same Business Day as which they are taken.

803.00

The preventive measures listed in section I of article 802.00 must be applied when any of the following situations arise:

- I. When a Clearing Member fails to meet the requirements on minimum equity established by the Authorities.
- II. When performing Transactions causes the Client to maintain a number of Open Contracts that exceeds the established Position Limits, except under the assumptions established in article 336.00.
- III. When a Clearing Member is at risk of default on its obligations at the time one or more clients defaults on its own obligations.
- IV. When the authorities require it.

804.00

Article 802.00 shall apply notwithstanding the Clearinghouse's right to require the Clearing Member to present additional information on its financial situation, risk control procedures, and financial information on the Clients for whom it clears and settles Transactions.

805.00

The Chairman of the Board or, in his absence, the Chief Executive Officer, shall lift the preventive measures declared when, in its opinions, the causes that gave rise to them have ceased to exist; they must inform the Sub-Committee on Admission and Risk Management, the Exchange, and the Authorities, of such action on the Business Day the measures are lifted.

PART THREE

DECLARATION OF EMERGENCY SITUATIONS

806.00

The Clearinghouse must request that the Exchange declare an emergency situation, which once declared allows it to impose the preventive and/or emergency measures established in this Chapter, without prejudice to the application of other measures established in the Regulations.

807.00

In order to maintain the financial integrity of the market, the Chairman of the Board or, in his absence, the Chief Executive Officer, may request the Exchange to declare an emergency situation when:

- I. The Number of Open Contracts rises and/or the Futures Price or Premium changes in such a way that prevailing conditions in the market and/or the financial system justify such action.
- II. There is an unexpected increase in the volatility of one or more Underlying Assets, or in any of the variables that affect the Futures Price or Premium, and this may imply a systematic risk.
- III. There are economic events that might affect the liquidity and solvency of Clearing Members or affect the financial system in general.

808.00

When the Exchange declares an emergency situation, the Chairman of the Board or, in his absence, the Chief Executive Officer, may impose one or more of the following measures, simultaneously or successively:

- I. Increase the ordinary amount of Margins required from Clearing Members.
- II. Perform an Extraordinary Settlement under the terms of Chapter Seven.
- III. Set lower Position Limits than those established, in coordination with the Exchange.
- IV. Upon favorable decision by the Chairman or, in his or her absence, the Chief Executive Officer, order that Futures and Options Contracts to be settled in kind and are due and payable on the Expiration Date be performed in cash, under the terms of article 726.00.
- V. Impose trading restrictions under the terms of article 802.00, in coordination with the Exchange.

809.00

In the event that the Chairman of the Board or, in his absence, the Chief Executive Officer, makes use of the faculties assigned to them in articles 807.00 and 808.00, they must inform the Technical Committee and the Authorities on the same day as which they do so.

810.00

The Chairman of the Board or, in his absence, the Chief Executive Officer, shall lift the measures declared in connection with an emergency situation at the express request of the Technical Committee, or when the Exchange so determines, and must inform the Authorities of this action on the same day as which it takes place.

811.00

The Clearinghouse shall have a contingency plan that covers the operating measures, backup equipment and operating facilities necessary on the premises of Clearing Members, to cover any event that might affect the normal course of its activities, from its own facilities.

The Clearinghouse may order that drills of the operating contingency plan be performed during Business Days or on non-business days; Clearing Members and Traders are obliged to participate in these drills under the terms established in that plan.

812.00

The contingency plan prepared by the Clearinghouse shall contain the policies and procedures that must be followed by the personnel of the Clearinghouse and by the Clearing Members, which will allow for continuing clearing, settlement, oversight and book registry of the Transactions performed on the Exchange, minimizing the cost and impact of predictable contingency situations.

813.00

The Clearinghouse's contingency plan must establish security policies and procedures intended to avoid an interruption, alteration or blockage of the flow of information and processing relating to Transactions performed on the Exchange. Measures should be established to deal with system crashes, interconnection failures, electrical energy irregularities, prevention of access to the trading area, recovery of data files, and natural and other disasters.

814.00

In contingency situations, and at the request of the Clearinghouse, Clearing Members must allow the Clearinghouse to use their physical premises, systems infrastructure and communications media in order to avoid an interruption in the processing of information on the Contracts traded.

815.00

The Chairman of the Board or, in his absence, the Chief Executive Officer, may declare a contingency situation.

The Chairman of the Board or, in his absence, the Chief Executive Officer, shall determine the duration of the contingency plan, and declare its termination.

PART FOUR CONTINGENCY PLAN

816.00

The Clearinghouse shall have a contingency plan, which must include the operating measures it considers necessary, applicable to the personnel of the Clearinghouse, Clearing Members, and Global Account Manager Traders, in order to cover any limitations that might affect the normal course of trading in Contracts in an emergency situation.