

CHAPTER TEN
OVERSIGHT
PART ONE
GENERAL PROVISIONS

1000.00

The Clearinghouse shall oversee compliance with the Regulations and the Operating Manual, and with the generally applicable rules, by Clearing Members and Traders that manage Global Accounts and their accredited personnel under the terms of this Chapter.

It shall also oversee that the employees, directors, and Technical Committee members of the Clearing Member and the employees, directors, and Board Members of the Trader that manages Global Accounts, as the case may be, comply with the above-mentioned rules as they apply to them.

1001.00

The Clearinghouse shall perform its oversight functions through the following media:

- I. Monitoring through the clearing and settlement system and account administration system.
- II. Audits of Clearing Members and Traders that manage Global Accounts.
- III. Requests for information.
- IV. Risk valuation and extreme scenarios
- V. Any other system or media determined by the Technical Committee.

1002.00

The clearing and settlement systems shall be those the Clearinghouse makes use of to monitor the registry of Transactions, Open Contracts and other activities performed by the Clearing Members and, when applicable, Traders.

1003.00

The audits shall consist of a review of Clearing Members and Traders that manage Global Accounts in order to verify that they meet the requirements established in the Regulations, in the Operating Manual, in the applicable rules, and in their general functional plans and manuals of policies, operating procedures, risk control and liquidity.

1004.00

Requests for information shall consist of a request for documents relating to the activities of the Clearing Members and Traders that manage Global Accounts, which allow them to

verify compliance with the applicable rules. The requested information must be supplied with the frequency and under the terms established by the Clearinghouse.

1005.00

The Clearinghouse shall determine which individuals and areas shall be in charge of performing these oversight activities.

1006.00

Clearing Members and Traders that manage Global Accounts subject to inspection and oversight by the Clearinghouse must provide any kind of support required, supplying the data, reports, records, official minutes, documents, correspondence, and in general, any documentation the Clearinghouse deems necessary, including access to their offices, locales and other facilities.

The documentation referred to in the preceding paragraph shall also include the information contained in automated processing and data storage systems, as well as technical procedures established for this purpose, whether they be magnetic files, microfilmed documents, optic systems for lookup, or any other nature.

PART TWO

AUDITS

SECTION ONE

GENERAL PROVISIONS

1007.00

For the purposes of these Regulations, an audit shall be understood to mean the review, examination and verification of contracts, manuals, records and accounting and operating systems of Clearing Members and Traders that manage Global Accounts, in order to confirm their compliance with the obligations contained in the Regulations and in the Operating Manual.

1008.00

Audits may be performed at any time by the Clearinghouse through its personnel or auditors hired for this purpose, in accordance with the requirements established by the Auditing Sub-Committee, and in accordance with the terms of this Chapter.

1009.00

Under no circumstances may a person be an auditor if any of the following apply:

- I. They are dependent in any way by virtue of their employment post or commission, or participate in the capital of any Trader that manages Global Accounts or in the equity of any Clearing Member or of the financial institutions that participate in said capital or equity.

- II. They are related by blood in direct ascendancy or descendancy without limitation as to degree, or collateral to the fourth degree; or by marriage to the second degree, of a shareholder, board member or director of the audited Clearing Member or Trader that manages Global Accounts
- III. They are the spouse, or are related by blood in direct ascendancy or descendancy without limitation as to degree, or collateral to the fourth degree; or by marriage to the second degree of a director, trustor or member of the committees or sub-committees of the Clearinghouse
- IV. They have pending litigation with the Exchange, the Clearinghouse, with the Clearing Member or with the Trader that manages Global Accounts to be audited.
- V. They are external auditors of the Clearinghouse or the audited Clearing Member or Trader that manages Global Accounts.

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The Auditing Sub-Committee must approve the selection and hiring of auditors, and may when necessary assemble a list of auditors that meet the requirements established by each Sub-Committee to perform audits of Clearing Members.

1011.00

The audit may be performed by corporations, but these must appoint an individual responsible for preparing and signing the respective auditors' report as an individual.

1012.00

The Auditing Sub-Committee must issue minimum criteria that auditors must comply with in order to assemble the auditing programs they will perform on the Clearing Members and Traders that manage Global Accounts

1013.00

Audits shall be performed by express orders of the Clearinghouse, and the order and practice of the audit must be communicated clearly and in writing to any legal representative of the Clearing Member with administrative faculties, at the offices of the Clearing Member in question.

1014.00

The audit notification must contain:

- I. The place and date of issuance.
- II. The denomination of the trust institution of the Clearing Member or Trader that manages Global Accounts to whom it is directed.
- III. The signature of the Chief Executive Officer.
- IV. The transaction of the Technical Committee resolution ordering the audit.

- V. The place or places in which it will be performed.
- VI. The names of the persons designated to practice the audit.
- VII. An indication of the specific aspects of topics that will be audited and, when applicable, the total or partial fiscal periods that will be included in the audit.
- VIII. Advice of application of a preventive measure in the event the Clearing Member refused to accept the audit.

1015.00

The legal representative that receives the notification document must sign a proof of receipt, including his or her name and the date and time of the notification.

Once the notification has been performed under the terms of the preceding articles, and with two witnesses having accredited the identity of the auditors, the audit subject must allow the audit to begin as established in this Chapter. The designated witnesses must sign as such on the notification document.

1016.00

Before beginning the audit, the auditor must file an inspection report containing the verified facts and events following notification of the start of the audit.

The report mentioned in the above paragraph must be signed by an auditor, the legal representative of the Clearing Member or Trader that manages Global Accounts, and by two witnesses. If any of these individuals refuses to sign, the auditor must record this fact..

1017.00

Auditors may on a daily basis make partial reports containing the facts and events verified during the day. The partial reports should be signed by the auditor, the legal representative of the Clearing Member or Trader that manages Global Accounts, and two witnesses. If any of these individuals refuses to sign, the auditor must record this fact.

1018.00

Once the audit has been completed, the auditor must file an inspection report on its conclusion.

The report mentioned in the above paragraph must be signed by an auditor, the Clearing Member's legal representative, and by the witnesses. If any of these individuals refuses to sign, the auditor must record this fact.

1019.00

For all audits, a general report signed by the auditor must be prepared and presented to the Clearinghouse within the term established by the Auditing Sub-Committee, with a copy of the report sent to the subject of the audit.

The report shall cover all the quantitative and qualitative aspects determined during the audit, and should meet the requirements established in article 1020.00.

No personnel of the audited Clearing Member should participate in the preparation of the reports.

1020.00

The general audit reports should contain, as applicable:

- I. Specific aspects or topics covered by the audit, and the dates or terms included.
- II. The results of the audit, with an objective explanation of the situations, test made and facts determined.
- III. Auditor's remarks, including his or her reasoned opinion on the way in which the audited Clearing Member meets, with respect to the areas covered by the audit, the obligations established in the Regulations, the Operating Manual, and the applicable legislation.
- IV. Recommendations on the measures the audit subject must adopt to facilitate later reviews, and the inclusion of precautionary measures to improve its performance.
- V. The status of any other relevant matter that arises or is known about, which may directly or indirectly affect the performance of the Clearing Member or Trader that manages Global Accounts.
- VI. The conclusions and ratings of the audited Clearing Member's performance, and any reservations or exceptions resulting from the review.
- VII. The date, name and signature of the auditor.

In order to support the facts contained in the reports, the auditor must attach a copy of documents demonstrating them, as well as all the reports that were made during the progress of the audit.

1021.00

The Technical Committee shall establish annual audit fees for Clearing Members and Traders that manage Global Accounts.

1022.00

The auditors and their personnel must keep the information to which they have gained access during the auditing activities strictly confidential. This obligation should be included in all the contracts signed by the Clearinghouse with the auditors, and any failure to comply will result in the imposition of conventional penalties provided for in these contracts, and the sanctions established in the applicable laws.

1023.00

Once the audit has begun, it may not be suspended without express authorization by the Technical Committee.

1024.00

When the audit has been completed, the Clearinghouse may begin disciplinary proceedings if the audited Clearing Member or Trader that manages Global Accounts has been determined to have violated any of the applicable laws and regulations. It must also inform the Authorities of the results of the audit.

SECTION TWO OBLIGATIONS OF CLEARING MEMBERS AND TRADERS THAT MANAGE GLOBAL ACCOUNTS

1025.00

Audited Clearing Members and Traders that manage Global Accounts must facilitate the completion of each audit by granting the auditors unrestricted access to all the information that has been processed in its name, directly or indirectly, in connection with the areas covered by the audit, by any external supplier of financial services on any of the following aspects:

- I. Account administration system.
- II. Risk control system
- III. Transfer of funds for settlement
- IV. Securities contributed to the Clearinghouse.
- V. Other services and systems relating to its operations.

For the purposes of the above, Clearing Members and Traders that manage Global Accounts shall have a term of 2 (two) Business Days to supply information held by external suppliers and requested by the auditor, by means of a partial report that day. The term shall begin on the date the information is requested by the auditor

1026.00

When subject to review proceedings, and in order to comply with the obligation contained in article 1025.00, audited Clearing Members and Traders that manage Global Accounts must place at the auditors' disposition any computer equipment or specialized personnel necessary to perform the audit, specifically for the consultation, reproduction or interpretation of the reports that contain the stored information.

1027.00

To exercise their functions and better comply with their commission, the auditors may copy the documentation that is in the possession of the parties subject to oversight and surveillance by the Clearinghouse, and after checking it against the original, the copies

must be attached to the reports it delivers or the documents generated in connection with the audit.

When an event or fact is discovered during the course of the audit that cannot be accredited by documentation of the audited Clearing Member or Trader that manages Global Accounts, its legal representative or an accredited employee shall, in consideration of the nature of the functions he or she performs and at the express request of the auditors, immediately make a report describing or specifying the fact or event in question.

1028.00

Failure to comply with the obligation to accept and allow the performance of an audit ordered by the Clearinghouse, or to deliver the complementary reports or submit the information requested, shall result in the application of disciplinary measures under the terms provided for in this Regulation, and it shall be presumed that said Clearing Member or Trader that manages Global Accounts falls into the circumstances described in articles 800.00 and/or 802.00.

SECTION ONE OBLIGATIONS OF CLEARING MEMBERS AND TRADERS THAT MANAGE GLOBAL ACCOUNTS

1029.00

Clearing Members and Traders that manage Global Accounts must supply the Clearinghouse with any operating, financial, accounting and legal information, in the form and with the frequency that it determines, and through the media and with the specifications established in the Regulations and Operating Manual.

The Clearinghouse may require at any time that a Clearing Member or Trader that manages Global Accounts present information more frequently than indicated in the preceding paragraph, and regarding compliance with the equity requirements. It may therefore require any Clearing Member or Trader that manages Global Accounts to present additional information in the form and with the specifications determined by the Clearinghouse itself.

Clearing Members and Traders that manage Global Accounts shall have the right to correct or modify the information they supply, provided they do so within the hours and in the time period established for delivery of such information.

1030.00

If a Clearing Member or Trader that manages Global Accounts does not supply the information referred to in article 1029.00, or fails to do so with the frequency established, or if the information supplied does not meet the established specifications, it shall be subject to the disciplinary measures and preventive measures established in the Regulations.

1031.00

When for reasons of force majeure and acts of God a Clearing Member or Trader that manages Global Accounts is unable to supply, correct or modify the information required

of if by the approved media, or within the time period established for this purposes, the Clearinghouse may authorize the Clearing Member or Trader that manages Global Accounts to supply, modify or correct the information through other media, or may extend the corresponding hours and dates as the circumstances of the case demand.

1032.00

Clearing Members and Traders that manage Global Accounts must agree with their clients, as part of the brokerage contracts signed between these parties, that they are authorized to supply information regarding transactions of these Clients to the Exchange, the Clearinghouse, or to the supervisory and regulatory bodies of other countries, through the Authorities; as well as to other Clearing Members and Traders that manage Global Accounts in the case of failure to comply with Futures Contracts, the cession of Open Contracts in the account of a Clearing Member or Trader that manages Global Accounts by the Clearinghouse, and in any other circumstance authorized by the National Banking and Securities Commission.

SECTION TWO

OPERATING INFORMATION

1033.00

Clearing Members and Traders that manage Global Accounts must deliver the following information to the Clearinghouse on each occasion it requires, under the terms of the Regulations and the Operating Manual:

- I. Regarding every Transaction it performs, a report specifying the MexDer account in which the transaction took place, including the volume, price, folio and time.
- II. Regarding every Order send to the Exchange trading area, a report containing the folio number, time, whether the Order was a buy or a sell order, the volume, price and MexDer Account number, indicating whether it is a proprietary or third-party account.
- III. Modifications to the assignment of Transactions between the Accounts of a single Clearing Member and/or Trader that manages Global Accounts.
- IV. Information regarding the receipt of Orders from Clients and/or Traders that manage Global Accounts.
- V. Transfers of Open Contracts between Clearing Members.
- VI. The identity of the Client or Clients

1034.00

Clearing Members and Traders that manage Global Accounts must keep a record of all Orders and Transactions executed, for a period of at least 5 (five) years.

1035.00

Before beginning trading for a new Client, Clearing Members and Traders that manage Global Accounts must supply the Clearinghouse with the following information through the MexDer Account system:

- I. Name of the Client or the Clearing Member or Trader that manages Global Accounts.
- II. Date of birth or incorporation, as the case may be.
- III. Federal taxpayers' ID number, or its equivalent in the case of foreign parties.
- IV. Address, telephone and fax number.
- V. In the case of corporations, the information listed in the above points, with regard to their legal representatives.

The documentation containing this information must be kept available by Clearing Members.

SECTION THREE

FINANCIAL AND ACCOUNTING INFORMATION

1036.00

Clearing Members must submit a daily report to the Clearinghouse and to the Compliance Officer, indicating the level of their minimum equity to perform Transactions, indicating the breakdown of assets that comprise this equity.

Traders that manage Global Accounts must submit a daily report to the Clearinghouse and to the Compliance Officer, indicating the level of their minimum capital to perform Transactions, indicating the breakdown of assets that comprise this capital

1037.00

Clearing Members and Traders that manage Global Accounts must deliver monthly financial statements to the Clearinghouse by the end of the following month at the latest. The financial statements must contain the information on investments made in the Excess Margin fund and in the minimum equity fund.

1038.00

Clearing Members and Traders that manage Global Accounts must submit audited annual financial statements to the Clearinghouse within the 5 (five) months following the close of the respective fiscal year, including any additional elements determined by the Clearinghouse in the area of derivative products.

The Clearinghouse shall establish the additional elements that should be covered by audits dealing specifically with Contract activity, which must be added to the accounting

audits referred to in the preceding paragraph, on order for these to be accepted by the Clearinghouse as valid.

If audited annual financial statements lack any of the additional elements referred to in this article, they shall be considered to be in violation of the Regulations, and the disciplinary measures described therein shall be applied.

SECTION FOUR

LEGAL INFORMATION

1039.00

Clearing Members and Traders that manage Global Accounts must inform the Clearinghouse on the same Business Day that any of the following events take place:

- I. Any change in its compliance with the requirements established in the Regulations and Operating Manual and pertaining to its as a Clearing Member or Trader that manages Global Accounts, as well as any change in the information it may have supplied to the Clearinghouse during the admission process.
- II. Any requirement issued by the Authorities under the terms of Rule forty-one.
- III. In the event that a Clearing Member or Trader that manages Global Accounts revokes, suspends or limits the faculties of its representatives, it must duly notify the Clearinghouse; until it receives such information, the Clearinghouse shall assume that the persons accredited thenceforth shall have sufficient faculties to act on behalf of the corresponding Clearing Member or Trader that manages Global Accounts.
- IV. In the event that a Clearing Member or Trader that manages Global Accounts designates a new legal representative with sufficient faculties to perform the transactions and acts necessary in relation to its activities in the Clearinghouse, it must deliver a written document issued by its trust officer, containing the representative's signature. The document must be submitted together with a testimony or certified copy of the public deed in which the investiture of these faculties is consigned.

1040.00

Clearing Members must inform the Clearinghouse within 5 (five) Business Days following the occurrence of any of the following events:

- I. Resolutions to merge, spin off, transform, replace the trust beneficiary, dissolve or liquidate, or in any other way to affect the corporate or contractual structure of the trust institution that administers the Clearing Member or the corporation that is the trustor of the Clearing Member.
- II. Resolutions to transform, replace the trust beneficiary, settle or in any other way affect its organizational structure.

- III. A change in the location of the offices of the Clearing Members, or in any of the telephone or fax numbers of their main officers.
- IV. Any disciplinary action imposed by the Exchange or the authorities against it, or against its accredited personnel.
- V. The start of any bankruptcy, default or suspension of payment procedures against it, or, when applicable, against the trustors of its minimum equity or accredited personnel, and any definitive sentence for some crime against any of the parties mentioned.

SECTION FIVE

OBLIGATIONS OF THE CLEARINGHOUSE

1041.00

The Clearinghouse must have systems for transmitting information to Clearing Members with regard to the number and amount of Contracts cleared and settled on a daily basis, and those which have been settled at their Expiration Date, classified by Class and Contract Series, and the Transactions performed by each Clearing Member.

1042.00

The Clearinghouse must sign a contract with the Exchange regulating the relations between these institutions, expressly mentioning the obligation of the Clearinghouse to abide by all the terms of the internal regulations and operating manual of the Exchange, particularly as regards the information it must delivery to the Exchange, as an entity subject the surveillance of the same.

1043.00

The Clearinghouse shall inform the Exchange and Clearing Members of the number and amount of Contracts cleared and, when applicable, settled on a daily basis, classified by Class and Series, as well as the Transactions performed by each Clearing Member.

1044.00

The Clearinghouse shall notify the Exchange within no more than 30 (thirty) minutes of the confirmation or rejection of transactions performed during the corresponding trading session, as well as the number of Open Contracts by Series, and the theoretic values at the close of each trading session.

The Exchange shall notify the Clearinghouse of any modification or cancellation of the transactions executed on the Exchange, in order for the corresponding adjustments to be made during the hours established in the Operating Manual.

1045.00

The Clearinghouse must notify the Exchange and the National Banking and Securities Commission of the application of preventive measures, on the same Business Day as they are applied.

PART FOUR
RISK EVALUATION

1046.00

One of the purposes of the Clearinghouse is to oversee the financial integrity of the market, of itself, and of Clearing Members. To this end, it shall engage in a series of activities aimed at helping to control the primary risks to which Clearing Members and their Clients are exposed by virtue of trading in derivative products.

1047.00

To perform the functions of risk control beyond establishing Margins and contributions to the Clearing Fund, among others, the Clearinghouse shall engage in the following activities:

- I. Evaluating market risk in Proprietary Accounts and in the positions of selected Clients.
- II. Oversight of Position Limits.
- III. Assign a MexDer account number to each Client that participates in the derivatives market.
- IV. Determine the discounts that apply to margin securities.

1048.00

To assess market risk, the Clearinghouse shall request information from Clearing Members on the Open Contracts maintained by the selected Clients, as well as the respective transactions performed during trading hours. The Clearinghouse shall perform a real-time calculation of the losses or gains in each of the Accounts that are sent by the Clearing Members.

1049.00

The assessment of market risk and of the losses or gains that take place in the Accounts which are monitored each day shall be calculated according to the methodology defined by the Clearinghouse.

1050.00

The Clearinghouse must ensure that the established Position Limits are not exceeded by Clearing Members or by any of their Clients, or by Traders that manage Global Accounts or any of their Clients.

1051.00

In the event that the Open Contracts of some Clearing Member, Trader, or Trader that manages Global Accounts surpass the Position Limit, the Clearinghouse shall require that they be closed until the amount falls within the maximum limit established. To do so, the

Clearinghouse shall set a deadline, and if the transactions are not performed during that time period, the omission shall be considered a default.

Similarly, in the event of default on Limit Positions, the Clearinghouse shall notify the Exchange so that it may act in accordance with its own regulations.

1052.00

In the event that the open position of a Client exceeds the established Position Limit, the Clearinghouse shall notify the respective Clearing Member, Trader, or Trader that manages Global Accounts so that it may proceed to close the number of Open Contracts by which this limit is exceeded. In the event that the Client maintains an open account with more than one Clearing Member and/or Trader that manages Global Accounts and is in violation of the limit on Open Contracts per Client, the Clearinghouse shall notify all Clearing Members and/or Traders that manage Global Accounts with whom the Client is performing Transactions, and shall require that they close the number of Contracts that it indicates to them.

To determine the number of Contracts that each Clearing Member or Trader that manages Global Accounts must close for a Client, the Clearinghouse shall use a prorated calculation. The Clearinghouse shall notify Clearing Members and/or Traders that manage Global Accounts of the time period they have to meet this obligation.

1053.00

To be able to combine the Open Contracts that a single Client maintains with two or more Clearing Members and Traders, the Exchange shall assign a MexDer account number to each Client, independently of the Clearing Members with whom it is operating. This account number shall be non-transferable, and assigned at the time the Client requests for the first time a Transaction in Futures and/or Option Contracts.

The Clearing Member or, when applicable, Trader through which the Client performs its Transactions with Futures and/or Options Contracts, shall be responsible for requesting that the Exchange register the Client and assign it a MexDer account number.