



Agenda

- ✓ **Introduction**
- ✓ **Benefits**
- ✓ **How to participate?**
- ✓ **Products overview**

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✓ Introduction

- ✓ Benefits
- ✓ How to participate?
- ✓ Products overview

Introduction

- **MexDer** is the derivatives **subsidiary** of **BMV Group** the financial exchange operator in Mexico.
- **Fully electronic** market place, as a **self-regulated** exchange it has a **flexible legal** framework.
- **CME Group** and **MexDer** joined forces to **link the trading platforms**, a world of opportunities is brought closer to you.
- **MexDer** is the **leading market place** for trading derivatives **on Mexican benchmarks**.

Agenda

✓ Introduction

✓ **Benefits**

✓ How to participate?

✓ Products overview

Benefits

- With the **CME Group – MexDer** order routing **agreement** **MexDer products** will be **available** in more than **100,000 CME Globex®** screens.
- **No Withholding Taxes** when trading in MexDer.
- **No local presence required** in **Mexico**.
- **Omnibus Accounts: Rule 30.7 (CFTC) segregation**
 - One for **Proprietary trading**.
 - One for **Customer trading**.
- Remote Membership.
- **CFTC approved products**
- **Co-location**
- **DMA**
- **Collaterals accepted** in the **US**.
- **Give Ups**.
 - FIA standard agreement.

Agenda

✓ Introduction

✓ Benefits

✓ **How to participate?**

✓ Products overview

How to participate?

1. **As a Client of an MCM**
2. **As an Omnibus Account in MexDer**
3. **As a Client of a MexDer Omnibus Account**
4. **As a Remote Member**

How to participate?

1. As a Client of an MCM.

- **Fastest and easiest way** to take advantage of the CME Group – MexDer order routing agreement (ORA) .
- Have **access** to **CME Globex**
- **Direct execution in MexDer, Co-location available.**
- **Clears** through a **MexDer Clearing Member (MCM)**, the only paperwork required.

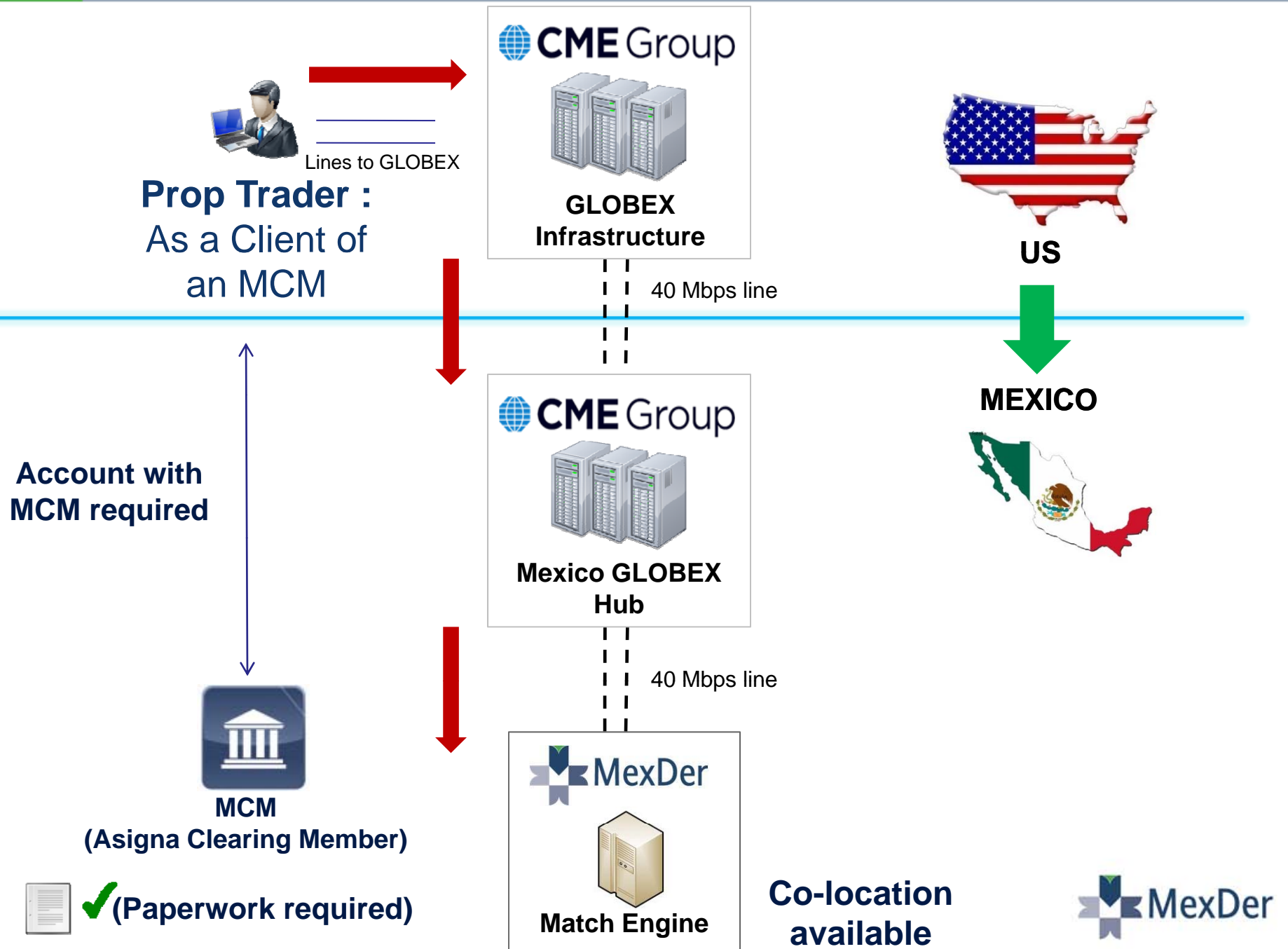
2. As a MexDer Omnibus Account.

3. As a client of a MexDer Omnibus account.

4. As a Remote Member.

- Non-Clearing Remote Membership with direct access to the trading system clearing through a local Clearing Member

(1) As a Client of an MCM



How to participate?

1. As a Client of an MCM

- Executing as a customer of a Trading Member or even through an Omnibus Account.

2. As a MexDer Omnibus Account.

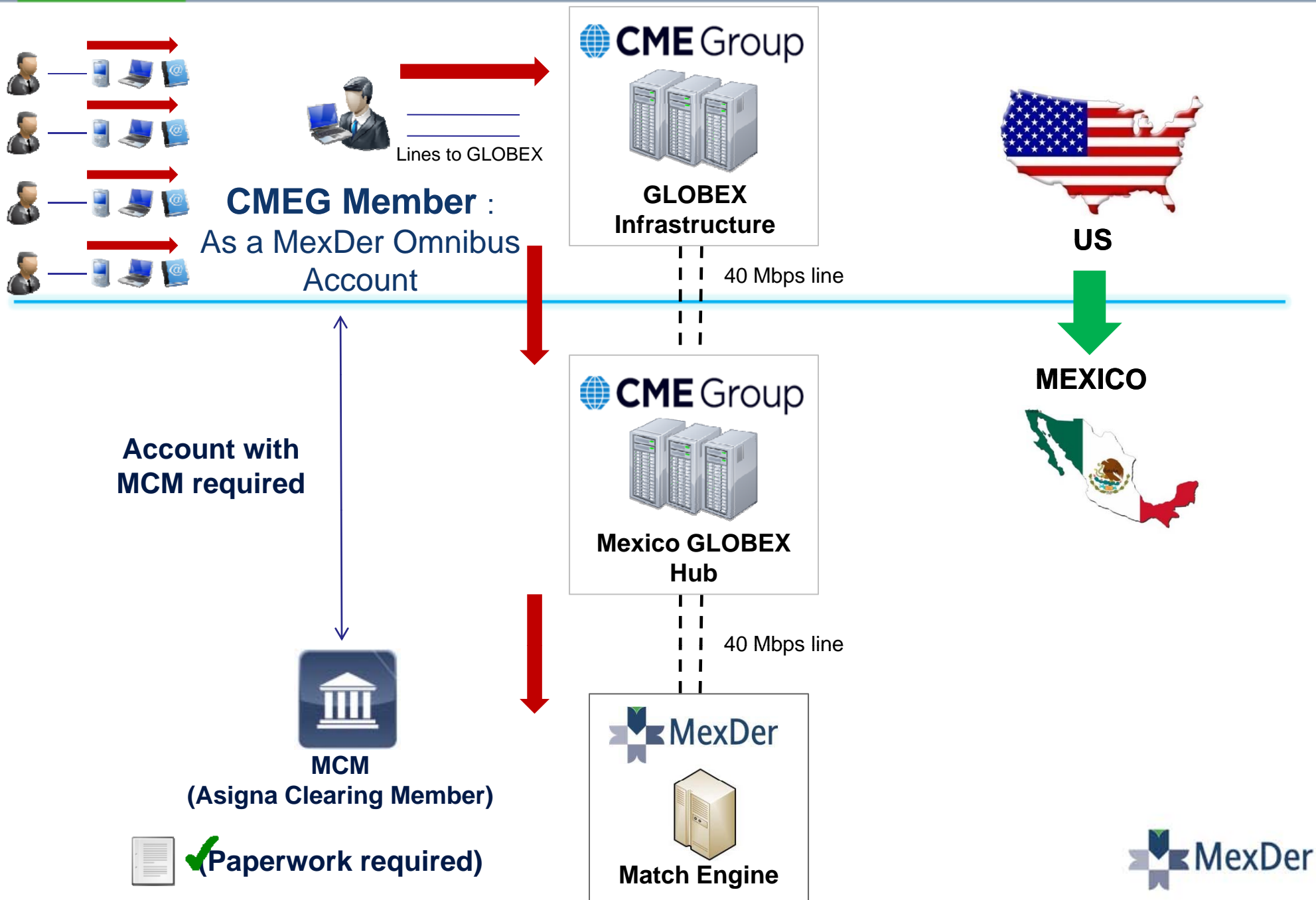
- The **CME member** that qualifies as an **omnibus account** executes directly in **MexDer** and **clears through** a **MexDer Clearing Member**.
- **Minimum** legal paperwork required with **MexDer**.
- The omnibus **clients identity** is **not** disclosed.

3. As a client of a MexDer Omnibus account

4. As a Remote Member.

- Non-Clearing Remote Membership with direct access to the trading system clearing through a local Clearing Member

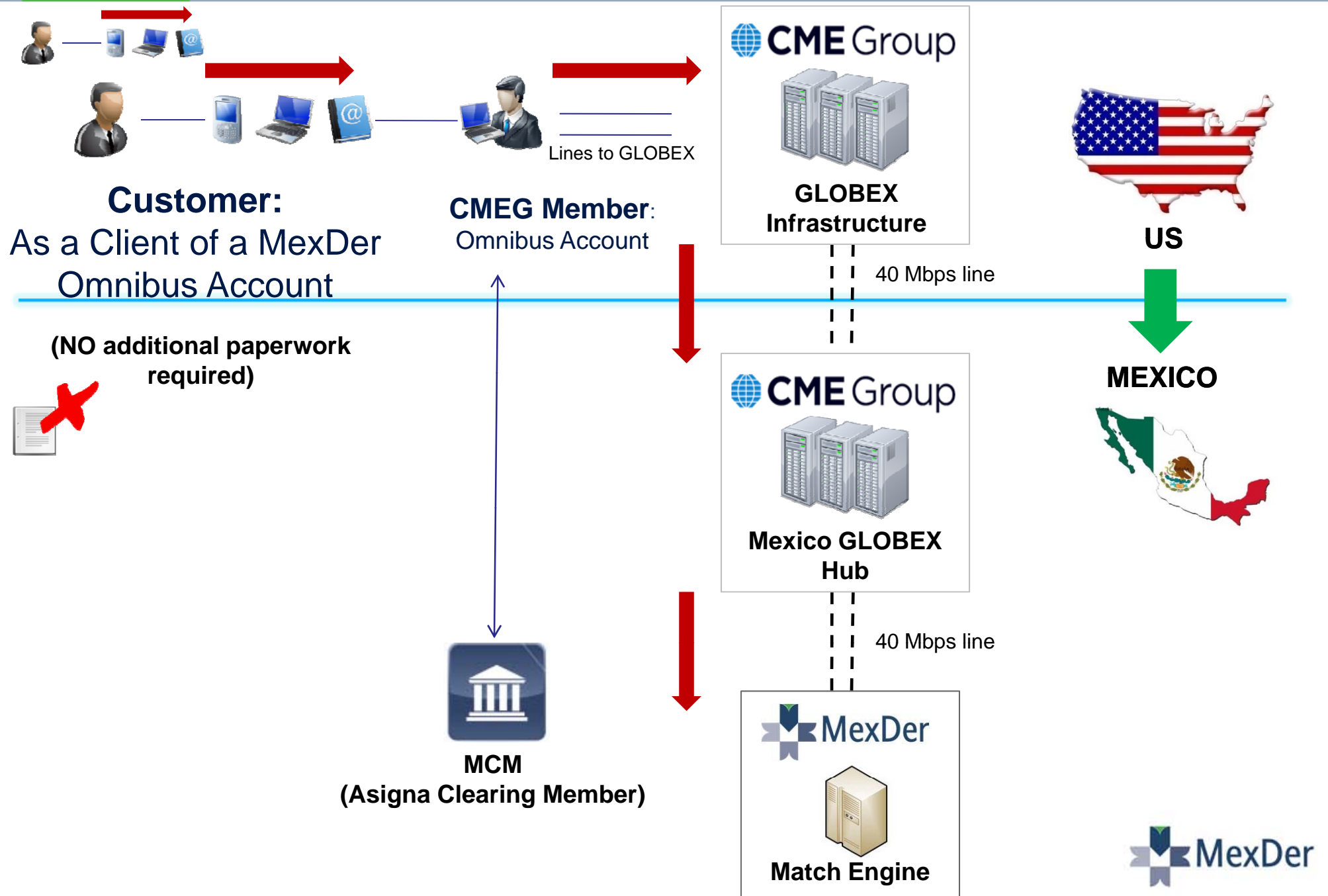
(2) As a MexDer Omnibus Account



How to participate?

1. As a Client of an MCM.
 - Executing as a customer of a Trading Member or even through an Omnibus Account.
2. As a MexDer Omnibus Account .
 - The CME member that qualifies as an omnibus account executes directly in MexDer and clears through a MexDer Clearing Member.
 - The omnibus clients identity is not disclosed.
3. **As a client of a MexDer Omnibus account**
 - When **executing through an Omnibus Account**, you **don't need legal paperwork** with **MexDer**.
 - **Trade through your** existing agreement with the **CME Member (registered omnibus in MexDer)**
4. As a Remote Member.
 - Non-Clearing Remote Membership with direct access to the trading system and clearing through a local Clearing Member

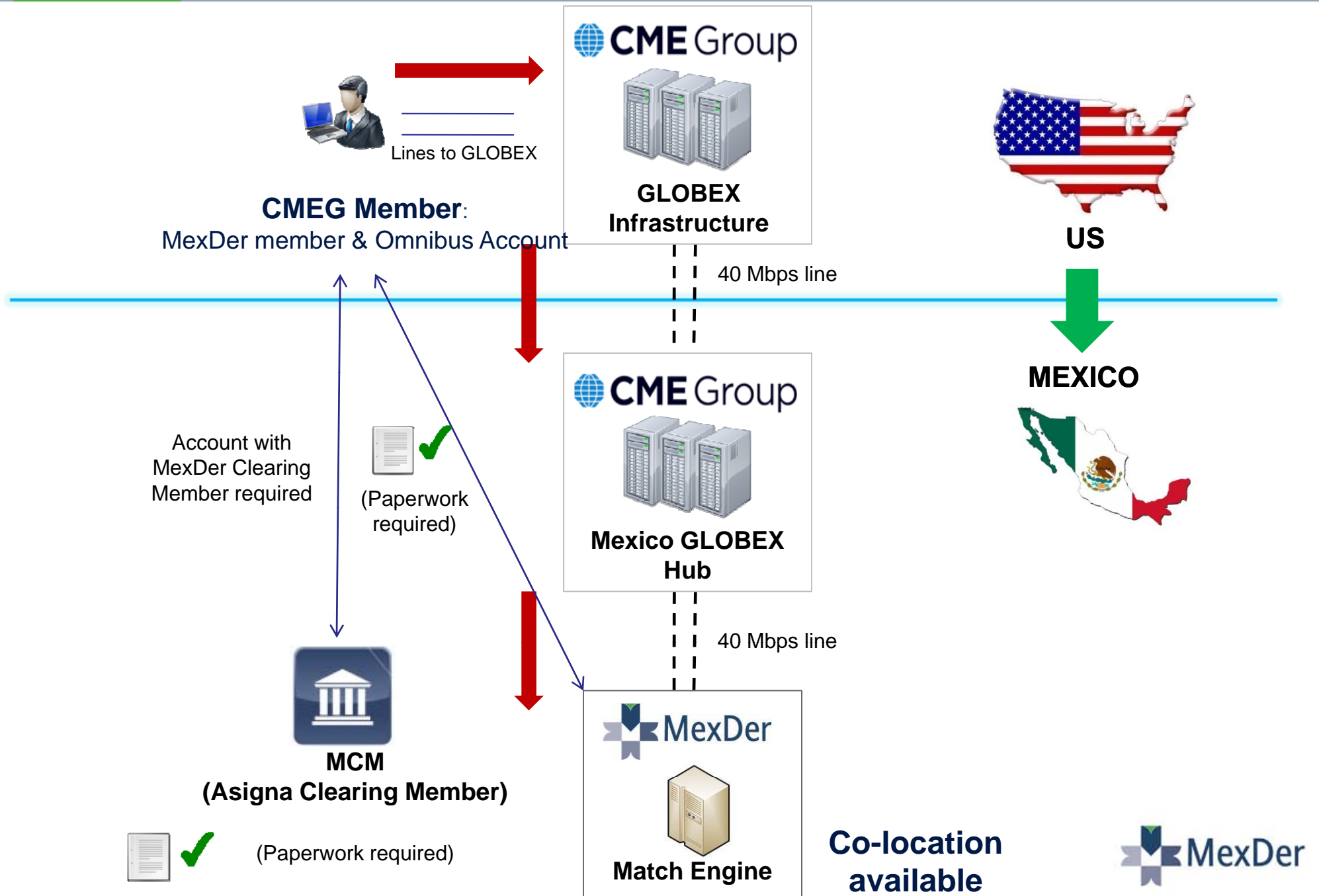
(3) As a Client of a MexDer Omnibus account



How to participate?

1. As a Client of an MCM.
 - Executing as a customer of a Trading Member or even through an Omnibus Account.
2. As a MexDer Omnibus Account .
 - The CME member that qualifies as an omnibus account executes directly in MexDer and clears through a MexDer Clearing Member.
 - The omnibus clients identity is not disclosed.
3. As a client of a MexDer Omnibus account
4. **As a Remote Member.**
 - **Non-Clearing Remote Membership** with direct access to the trading system.
 - **Legal paperwork** required with the Exchange.
 - **Clear** through a **MexDer Clearing Member.**

(4) As a Remote Member



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Products overview

Futures:

TIIE
2 Yr. Centrally Cleared SWAP
10 Yr. Centrally Cleared SWAP
CETE 91
M3 Bond
M10 Bond
M20 Bond
MXN/USD
MXN/EURO
IPC
ILCTRAC
BRTRAC 10

Options:

IPC/FUT
MXN/USD
AMX L
BRTRAC 10
CEMEX CPO
GMEXICO B
NAFTRAC
TELMEX L
TLEVISA CPO
WALMEX V



Let's take a closer look:

- ✓ **IPC Futures**
- ✓ **MXN/USD Futures**
- ✓ **Bond Futures**

Let's take a closer look:

- ✓ **IPC Futures**
- ✓ MXN/USD Futures
- ✓ Bond Futures

IPC Futures

- **Underlying**, IPC - Mexican Exchange Index.
- **Capitalization Index**

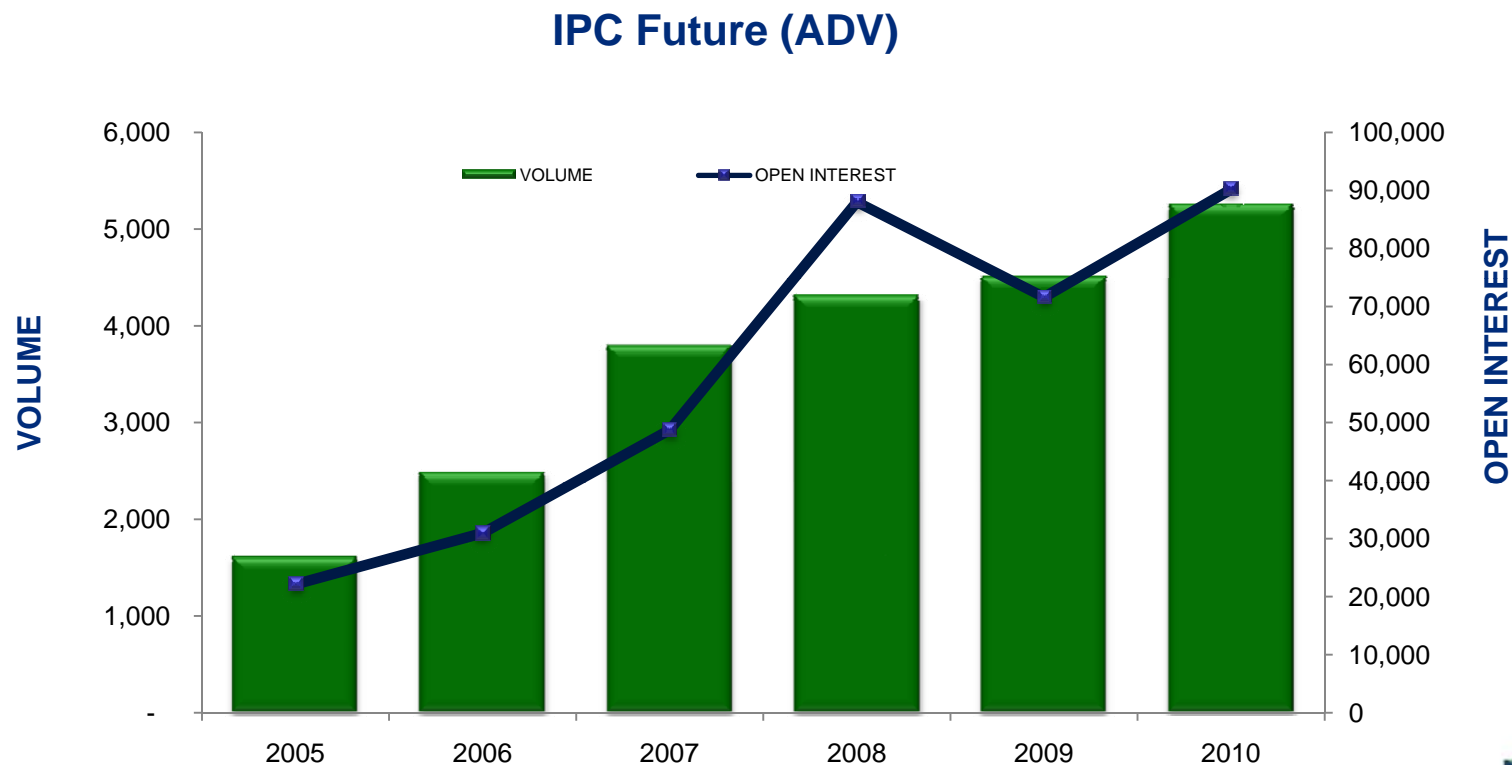
Ticker Symbol:	IPC
Quotation:	Index Points
Size:	IPC x \$ 10 MXN
Tick:	5 points
Tick Size:	\$ 50 MXN // \$ 4.16 USD *
Notional Size:	\$370, 000 MXN ***// \$30, 833 USD***
Maturity Months:	Quarterly, up to one year
Settlement:	Cash
Trading Hours:	07:30 - 15:00 hrs. (GMT -06:00)
Bloomberg < MMDD >	ISA <INDEX> CT
Reuters MXN/FUTEX1	0#IPC:

*Exchange Rate : \$ 12 MXN

*** IPC @ 37000 points

IPC Futures

- **Leading indicator** of the **Mexican Stock market**.
- **Highly correlated** with the **S&P**.
- **2010** return **USD 26.83%**

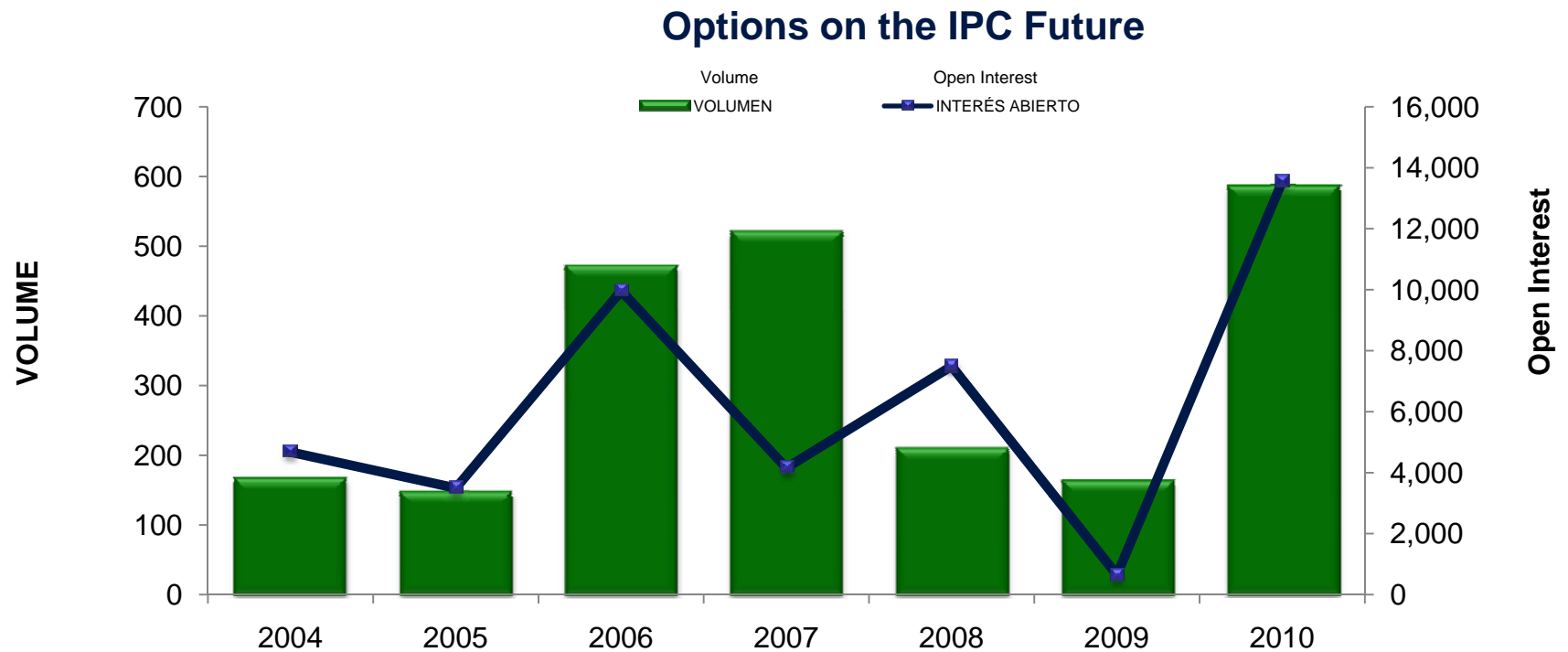


Options on the IPC Future

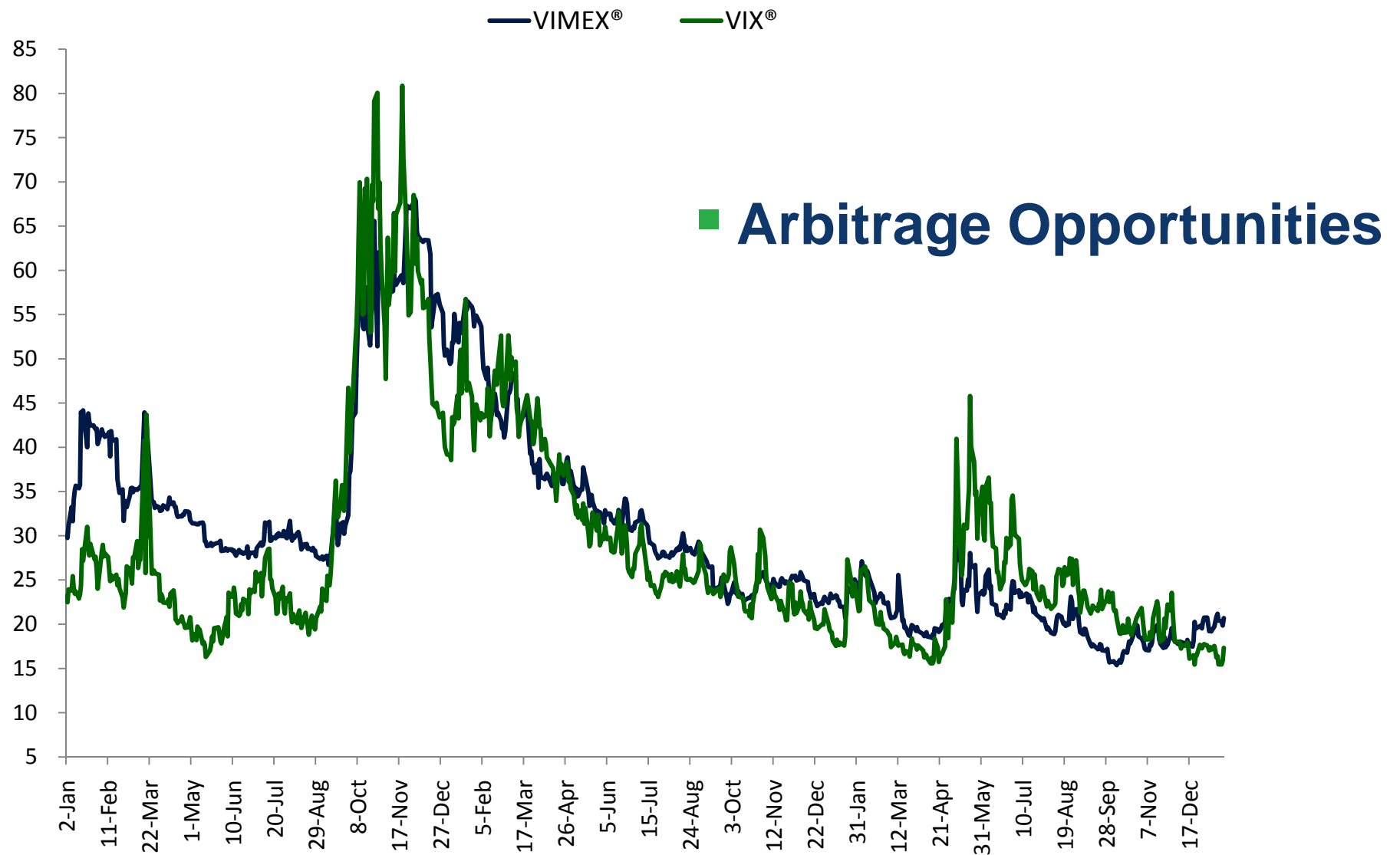
- **Underlying**, IPC Future
- **2010 Implied Volatility: 20.8%**

Ticker Symbol:	IP
Quotation:	Index Points
Style:	European
Tick:	1 point
Size:	IPC x \$10 MXN
Maturity Months:	Quarterly, up to one year
Settlement:	Cash
Trading Hours:	07:30 - 15:00 hrs. (GMT -06:00)
Bloomberg < MMDD >	ISA <INDEX> OMON
Reuters MXN/FUTEX1	0#IPC*.XD:

Options on the IPC Future



Volatility Index Mexico (VIMEX) vs VIX®



VIX® is a registered trademark of Chicago Board of Options Exchange, Incorporated.

Let's take a closer look:

✓ IPC Futures

✓ **MXN/USD Futures**

✓ Bond Futures

MXN/USD Futures

- **Underlying**, United States of America - **Dollar**.
- **Arbitrage** opportunity with the **MXN/USD Futures** of the **CME Group**.

Ticker Symbol:	DA MR11 **
Quotation:	Price
Size:	\$ 10,000 USD
Tick:	\$ 0.0001 MXN
Tick Size:	\$ 1 MXN // \$ 0.0833 USD *
Notional Value:	\$10,000 USD
Maturity Months:	Quarterly, up to 3 years
Settlement:	Physical delivery
Trading Hours:	07:30 - 14:00 hrs. (GMT -06:00)
Bloomberg < MMDD >	DWA <CMDTY> CT
Reuters MXN/FUTEX1	0#B10:

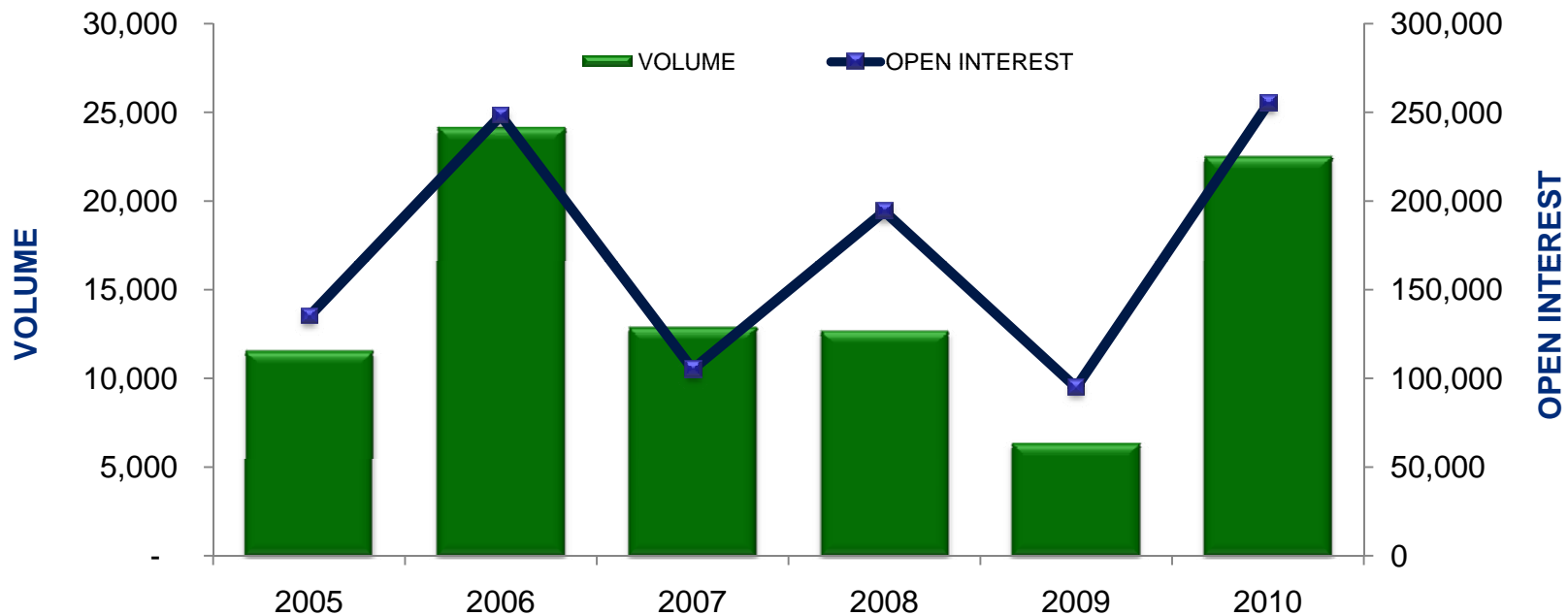
** DA + the month of the year of maturity

*Exchange Rate : \$ 12 MXN

MXN/USD Futures

- **Volume** increased **255%** in **2010** vs 2009.
- Opportunities for **HFT quoting** on a screen

USD Dollar Futures (ADV)



** DA + the month of the year of maturity

*Exchange Rate : \$ 12 MXN

Let's take a closer look:

- ✓ IPC Futures
- ✓ MXN/USD Futures
- ✓ **Bond Futures**

Bond Futures

- **Underlying**, Bonds issued by the **Mexican government (BBB+)**.
- The most **actively traded** securities in Mexico
- A **benchmark** for Mexican **domestic interest rates**.

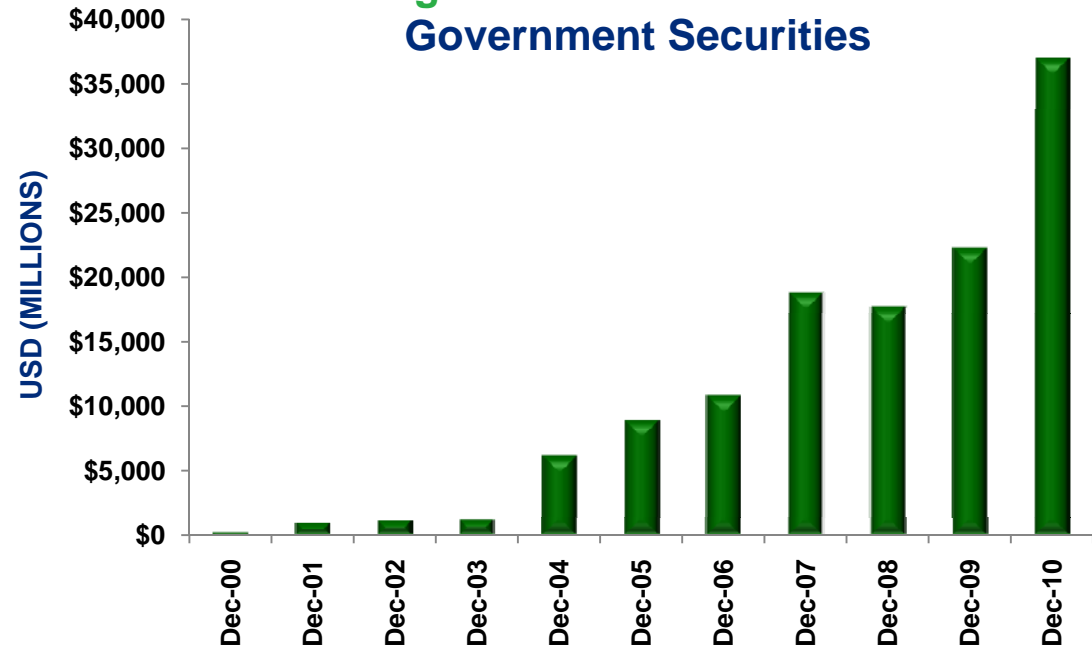
Ticker Symbol:	M3/ M10/ M20
Quotation:	Price
Size:	\$100,000 MXN
Tick:	\$ 0.025 MXN // \$ 0.00208 USD *
Tick Size:	\$ 25 MXN // 2.08 USD *
Notional Value:	\$100,000 MXN//\$8,333 USD *
Maturity Months:	Quarterly, up to 3 years
Settlement:	Physical delivery
Trading Hours:	07:30 - 14:00 hrs. (GMT -06:00)
Bloomberg < MMDD >	DWA <CMDTY> CT
Reuters MXN/FUTEX1	0#B10:

*Exchange Rate : \$ 12 MXN

Bonds Futures

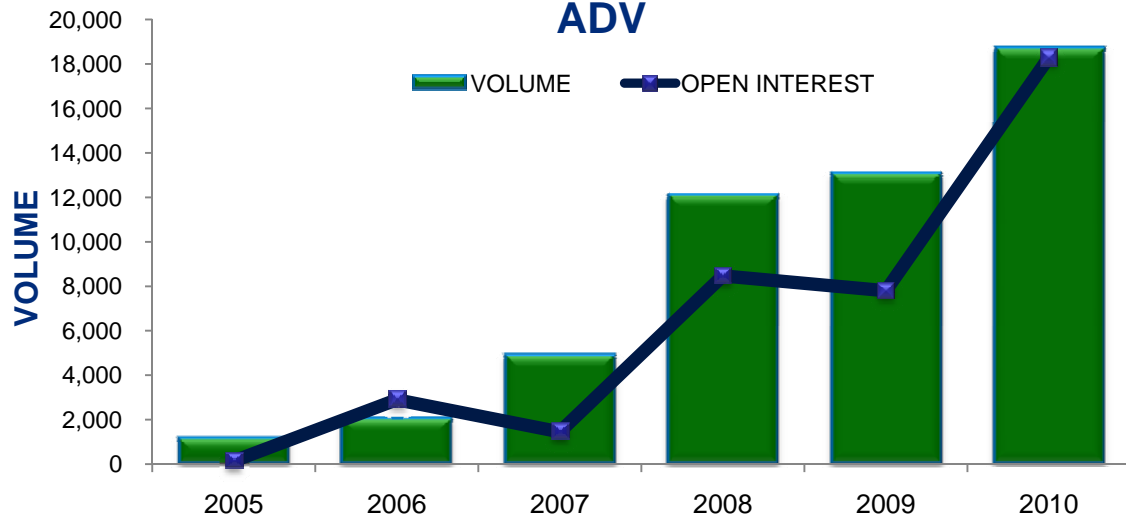
- **M Bonds** included in the WGBI Index.
- Very **important** foreign participation
- Most efficient way to **hedge** or **short the Mexican yield curve**.

Foreign Investment in MXN Debt
Government Securities



Source: Banxico

Bonds Futures (M3/M10/M20)
ADV

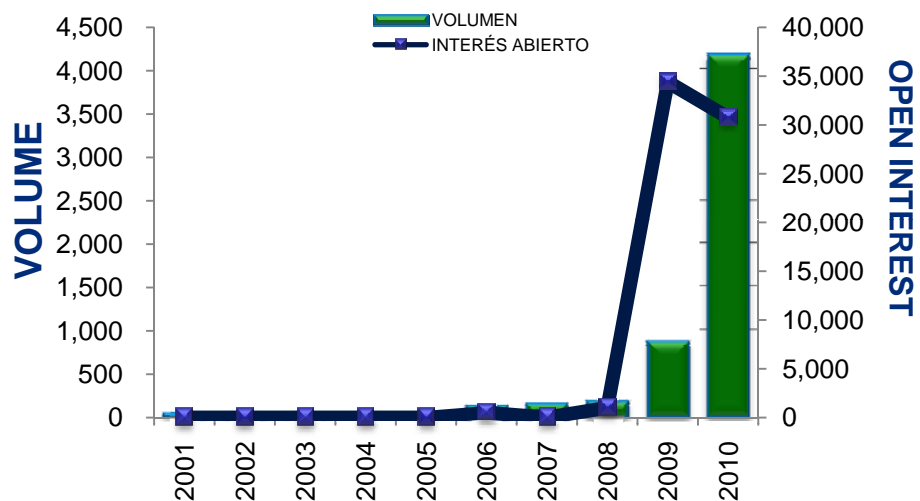


The whole yield curve of the
Mexican Sovereign is **available**:

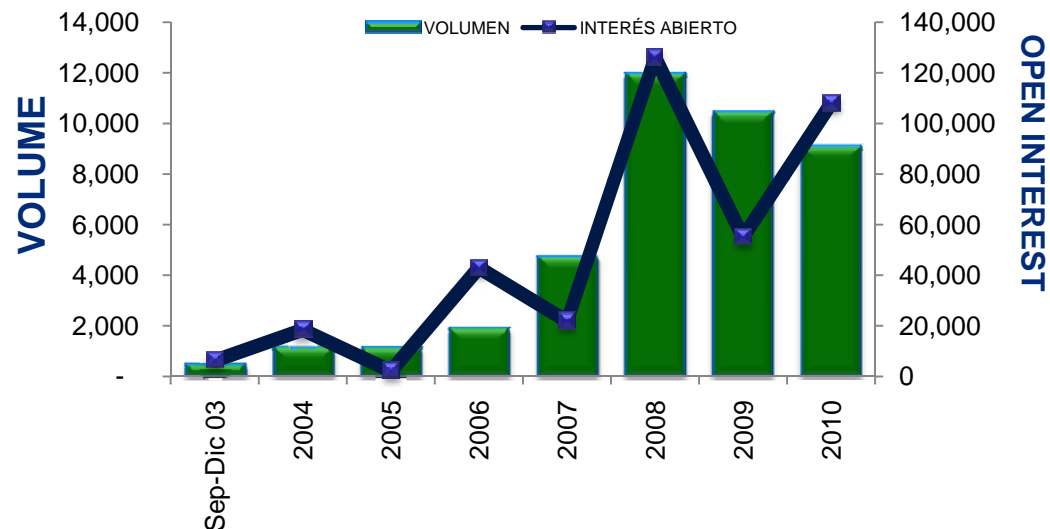
- 3 Year Bond (M3)
- 10 Year Bond (M10)
- 20 Year Bond (M20)
- + 91 Day Treasury CETE.

Bonds Futures Contracts

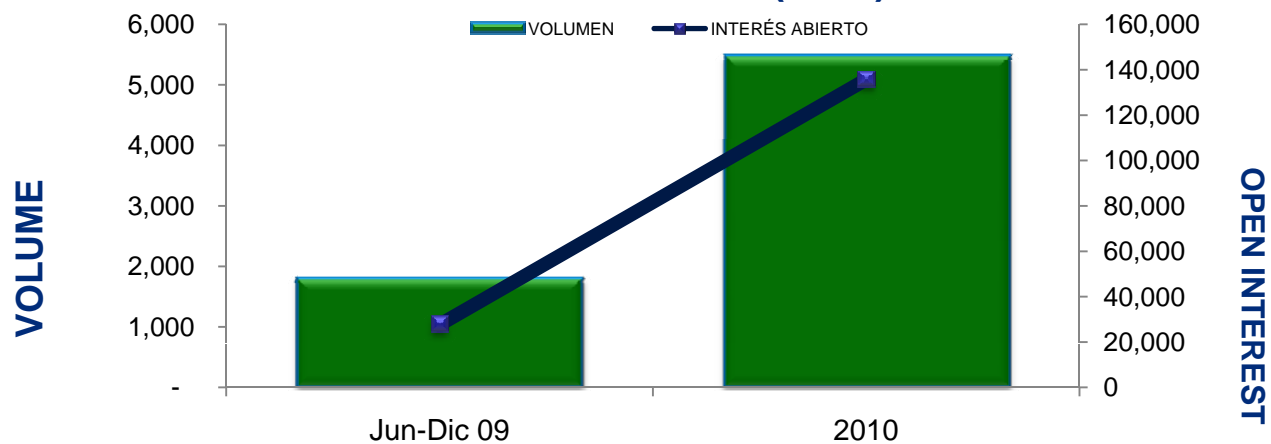
M3 Future (ADV)



M10 Future (ADV)

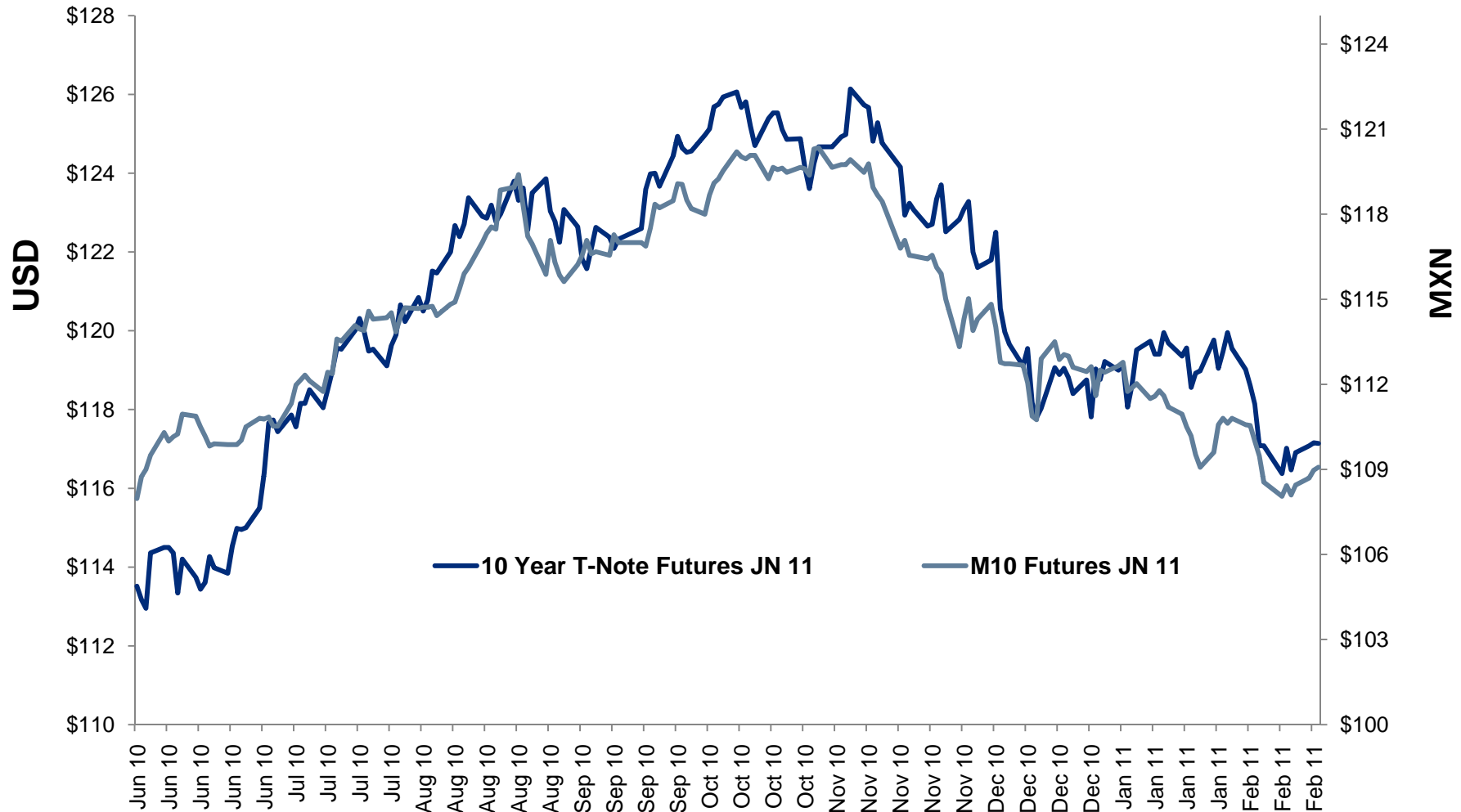


M20 Future (ADV)



Bond Futures: Arbitrage Opportunities

10 Year Bond Future (MXN) **vs.** 10 Year T-Note Future (USD)



Final remarks

- **Opportunity** to **participate** in a **developing market** .
- End customers, **FCMs**, **prop traders**, **high frequency traders**.
- **Easy access**
- **Market Making** **incentive** program.
- **Liquidity** and **depth** in the **underlying securities**; **development** in their **derivatives contracts** **to follow**.
- **Be part** of the **development** of this **new** and **exciting market!**

Key Contacts

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- **Clearing Member Firms:**

- http://www.mexder.com/MEX/Open_an_Account_-_Trading_and_Clearing_Members.html

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