

Dodd-Frank Swap Dealer Disclosures

Casa de Bolsa Finamex S.A.B. de C.V. (“Finamex”) is provisionally registered with the U.S. Commodity Futures Trading Commission (CFTC) as a non-U.S. swap dealer (NFA ID: 0522360, LEI: 549300PD0IHUIB4I9X69) pursuant to the Commodity Exchange Act (CEA), as amended by Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the Dodd-Frank Act). The CEA and the CFTC regulations promulgated thereunder impose regulatory requirements on swap dealers, including business conduct standards with respect to the execution of swaps with certain counterparties.

These business conduct standards mandate that Finamex provide certain disclosures of material information at a reasonably sufficient time prior to entering into a swap transaction with its swap counterparties (“You”) to allow you to assess the material risks and material characteristics of the swap trade and the material incentives and conflicts of interest that Finamex may have in connection with the swap trade.

If you are a Swap Entity (Swap Dealer, Major Swap Participant, Security-Based Swap Dealer or Major Security-Based Swap Participant) or if you are a non-U.S. person to which Finamex is not required by the CFTC to provide these disclosures, the disclosures outlined below are not intended nor provided for your use.

Where this refers to “we” it refers to the relevant Finamex entity with which you are transacting and where this refers to “you,” it refers to you or your organization.

Material Information

At a reasonably sufficient time prior to entering into a swap, Finamex will disclose to you the material information concerning the swap product in a manner reasonably designed to allow you to assess:

- *The material risks* of the particular swap, which may include market, credit, liquidity, foreign currency, legal, operational, and any other applicable risks;
- *The material characteristics* of the particular swap, which shall include the material economic terms of the swap, the terms relating to the operation of the swap, and the rights and obligations of the parties during the term of the swap; and
- *The material incentives and conflicts of interest* that Finamex may have in connection.

For more details, please see Disclosures prepared by the International Swaps and Derivatives Association (ISDA):

The [ISDA General Disclosure Statement](#)

The [ISDA Interest Rate Swap Annex](#)

Please see the “*Product Specific Disclosures*” tab on the ISDA website for the material economic terms (“MET”) of Swaps required to be provided to you pursuant to CFTC Regulation 23.431(a)(2). The MET templates contained under the “*Product Specific Disclosures*” tab are subject to and incorporate (i) the relevant ISDA master agreement and Credit Support Annex, if any, or such other master trading agreement and related collateral agreement(s), if any, as previously executed between the parties, (ii) the relevant master-master netting or portfolio netting agreements, if any, as previously executed between the parties,

and (iii) any relevant prime brokerage execution or give-up compensation agreement, master confirmation agreement, trading convention side letter or other similar agreement in writing between the parties.

Each of the MET templates for the products specified under the “Product Specific Disclosures” tab describing a transaction that if executed between you and Swap Dealer would be subject to a mandatory clearing requirement under the CEA, shall be deemed to provide that such transaction be submitted for clearing to either the registered Derivatives Clearing Organization (DCO) as agreed between you and Swap Dealer.

These disclosures shall be deemed to be supplemented by any such additional information and disclosures included in any transaction-specific documentation exchanged between you and Finamex, including any derivatives master agreement or amendment thereto, swap transaction term sheet, pre-trade confirmation or master confirmation agreement, or such other communications exchanged between you and Finamex incorporating such additional information with respect to a swap or proposed swap (“Transaction Disclosures”). In the event of any conflict between such Transaction Disclosures and other (more generic) disclosures, the Transaction Disclosures shall prevail.

You should not construe the content of any of the materials herein or disclosures provided as legal, financial, tax, accounting, or other advice, and you should consult your own attorney, financial advisor, tax advisor or accountant as to legal, financial, tax, accounting and related matters concerning the materials and disclosures provided.

Nothing in the materials or disclosures provided amends or supersedes the express terms of any swap transaction between you and Finamex.

In the context of discussing, proposing or entering into a swap with Finamex, you should refer to any transaction-specific disclosures, material economic terms (MET) and any other documentation provided to you by Finamex, as well as to the disclosures provided in this communication.

Material Economic Terms

All MET will be provided during the trade arrangements. Prior to entering into a swap with Finamex, we will communicate to you what we believe to be the material economic terms of that swap. Please contact your Finamex representative if you believe that a material economic terms of that swap has not been provided to you.

[Standard MET for swaps listed in 23.431\(a\)\(2\)](#)

In the event of any conflict between transaction-specific pre-trade information provided by Finamex to you and any template, standard product terms or market convention or any standardized product disclosures, the transaction-specific information provided to you by Finamex will govern your swap.

Scenario Analysis

Prior to entering into a swap with you that is not made available for trading, as provided in Section 2(h)(8) of the Act, on a designated contract market (DCM) or swap execution facility (SEF), Finamex will hereby:

- Notify you that you can request and consult on the design of a scenario analysis to allow you to assess your potential exposure in connection with the swap.

FINAMEX

- Upon your request, provide a scenario analysis, which is designed in consultation with you and done over a range of assumptions, including severe downside stress scenarios that would result in a significant loss.
- Disclose all material assumptions and explain the calculation methodologies used to perform any requested scenario analysis; provided however, that Finamex is not required to disclose confidential, proprietary information about any model it may use to prepare the scenario analysis and
- In designing any requested scenario analysis, consider any relevant analyses that Finamex undertakes for its own risk management purposes, including analyses performed as part of its "New Product Policy" specified in § 23.600(c)(3).

Finamex shall not be liable to you or any to any other person or entity for any losses or damages arising out of or in connection with any scenario analysis, including, for any errors, omissions or changes in market factors or conditions.

If you wish to receive scenario analysis for a swap transaction with Finamex or have any further questions regarding scenario analysis, please contact your Finamex relationship contact.

Material Conflicts of Interest

Material conflicts of interest may occur between you and Finamex. These conflicts of interests can occur in particular when Finamex has an economic or other incentive to act, or persuade you to act, in a way that favors Finamex.

Upon detection of a situation that could be a conflict of interest with a particular swap, Finamex will notify you of such apparent conflict of interest. If you have any further questions regarding Finamex's conflict of interest policy, please contact your Finamex relationship contact.

Daily Marks

- Cleared Swaps

We notify you hereby that for any cleared swap between you and Finamex, you have the right to receive, upon request, the daily mark from the appropriate DCO or CFTC-registered futures commission merchant (FCM) through which you clear swaps.

- Uncleared Swaps

Finamex should provide you with a daily mark, which shall be the mid-market mark of the swap. The mid-market mark of the swap shall not include amounts for profit, credit reserve, hedging, funding, liquidity, or any other costs or adjustments. The daily mark shall be provided to you during the term of the swap as of the close of business or such other time as the parties agree in writing.

We should disclose to you:

- The methodology and assumptions used to prepare the daily mark and any material changes during the term of the swap; provided however, that Finamex is not required to disclose to you confidential, proprietary information about any model it may use to prepare the daily mark and
- Additional information concerning the daily mark to ensure a fair and balanced communication,

including, as appropriate, that:

- The daily mark may not necessarily be a price at which either you or Finamex would agree to replace or terminate the swap.
- Depending upon our agreement, calls for margin may be based on considerations other than the daily mark provided to you and
- The daily mark may not necessarily be the value of the swap that is marked on the books of Finamex.

Pre-Trade Mid-Market Marks (PTMMM)

Pursuant to CFTC Regulation 23.431(a)(3)(i), any pre trade mid-market mark (PTMMM) that Finamex may provide to you in connection with a swap will not include amounts for profit, credit reserve, hedging, funding, liquidity, or any other costs and adjustments, and may not necessarily:

- Be a price at which either you or Finamex would agree to replace or terminate the swap.
- Depending upon our agreement, calls for margin may be based on considerations other than PTMMM provided to you and
- Not necessarily be the value of the swap that is marked on the books of Finamex.

We will generally provide the PTMMM to you in writing (whether over electronic mail, Bloomberg chat, or any other means of electronic communication notified by Finamex to you to the email address that you provided) or orally and followed up with a post-trade written confirmation (provided that you have either consented in writing or made the relevant election under the ISDA 2012 DF Protocol and Questionnaire to receive oral PTMMM).

Finamex makes no representations or warranties to you that the prices at which Finamex offers or values swaps are the best prices available in the marketplace. You may wish to seek representative quotations from other participants in the relevant market to compare prices or to determine the intrinsic or current market value of a particular swap.

You should not regard any PTMMM that we provide to be an offer to enter into or terminate the relevant swap at that value or price, unless we identify that value or price as firm or binding with respect to a specific quantity or notional amount of the swap. Finamex makes no representations or warranties that any such PTMMM is suitable for complying with any financial or tax reporting obligation, determining net asset value, computing any tax liability or for any other purpose, which are matters you should discuss with your own financial, legal, tax, accounting and other professional advisors and, except as otherwise agreed, Finamex disclaims any liability for any such use or reliance thereon, whether losses or damages are direct, indirect, incidental or consequential, even if Finamex is advised of their possibility.

To the extent that you do not wish to receive a PTMMM, you may, under certain limited circumstances and with respect to certain limited products, waive your right to a PTMMM. Please contact your Finamex relationship contact for further details.

If you have any further questions regarding Finamex's calculation of the mid-market mark for any product, please contact your Finamex relationship contact.

Clearing Disclosures

- For all Swaps entered into, between you (as long as you are a non-Swap Entity) and Finamex that is subject to the mandatory clearing requirements under Section 2(h) of the CEA, you have the sole right to select the DCO at which the Swap will be cleared as defined in CFTC Regulation 23.432(a). Finamex is not obligated, however, to execute a swap for clearing on a DCO where Finamex does not have clearing rights through a clearing intermediary.
- For all Swaps entered into, between you (as long as you are a non-Swap Entity) and Finamex that is not subject to the mandatory clearing requirements under Section 2(h) of the CEA,
 - You may elect to clear such Swap and
 - You have the sole right to select the DCO at which the Swap will be cleared as defined in CFTC Regulation 23.432(b). Finamex is not obligated, however, to execute a swap for clearing on a DCO where Finamex does not have clearing rights through a clearing intermediary.
- Upon acceptance of a swap by a DCO
 - The original pre-cleared swap is extinguished,
 - The original swap is replaced by an equal and opposite swaps with the DCO; and
 - All terms of the swap shall conform to the product specifications of the cleared swap established under the DCO's rule.
- Currently, Finamex clears swaps through CME.

Special Entity Status

If you are an employee benefit plan defined in Section 3 of ERISA that is not subject to Title I of ERISA, you may elect to be treated as a special entity pursuant to CFTC Regulation 23.430(c). Please note that Finamex does not transact with Special Entities.

Address for complaints

Pursuant to CFTC rule 23.201(b)(3)(ii) any complaints you may have shall be directed to:

Casa de Bolsa Finamex, S.A.B. de C.V.
Javier Barros Sierra #495, Piso 16 (Torre Park Plaza III)
Colonia Santa Fe, Alcaldía Álvaro Obregón, C.P. 01376
Ciudad de México, México

Att. Swap Dealer Compliance
Email: SDcompliance@finamex.com.mx
Phone: +52 33 38184400 x4569