

## RULES FOR PARTICIPATION

1. Participants do not need to have experience and/or theoretical or practical knowledge of Derivatives financial instruments for participating in the competitions and/or registering in Derivatives Challenge “Trading Experience” (“Simulator” or “Derivatives Simulator” or “Derivatives Challenge” or “Derivatives Tournament”).
2. To participate and earn the prizes granted by RiskMathics Financial Innovation, S.C. (RiskMathics), every winner of Derivatives Challenge must be a natural person of legal age (according to their country of residence), should have a current e-mail address and enter the web pages: <http://riskmathics.com> or [www.torneodederivados.com](http://www.torneodederivados.com). Derivatives Challenge is not valid in those places where prohibited by law.
3. Employees of RiskMathics, members of the Derivatives Simulator Committee, and all those directly involved in the organization, development and implementation of Derivatives Challenge (as well as their relatives in the direct line) are not eligible to receive the prizes granted by Derivatives Challenge. The above does not limit the people previously mentioned to register and make use of the Simulator, giving notice in advance of their participation.
  - a. The Committee is the group of people responsible of overseeing the proper implementation of Derivatives Challenge “Trading Experience”, as well as making decisions about any controversy that may arise.
4. Before registering into Derivatives Challenge, participants must read and accept the Rules for Participation. By clicking the “Registrar” button, in the Sign Up (*Registro*) section in the Derivatives Challenge web page, participants agree to the Rules for Participation, as well as with the usage of information by RiskMathics in accordance with the privacy notice.
5. Once participants click the “Registrar” button the registration process begins. Furthermore, participants must be careful when submitting the required data, because if one registered participant turns out to be a winner, he/she will have to identify himself or herself with an official document (passport, Mexican voting card, Mexican professional license or Mexican military service card, not exceeding 5 years). In the case of married women, they must use their name as it appears in their official identification documents. Incomplete registration formats or incorrect data will prevent participants from receiving a prize.
6. Only up to 5 registrations per person will be accepted; if 6 or more registrations of the same person are received, the participant will be disqualified and cannot receive the prizes.
7. In the case that a registered person wins with two or more accounts, he/she will only receive the prize of the account with the highest amount; the rest of the

accounts will be disqualified and the prizes will be given to another participant, with the next best result.

8. Derivatives Challenge allows registrations at any time, even at some intermediate stage of a competition, however, participants must register as follows to participate and be eligible to win prizes:
  - a. The enrollment and registration of participants must be before midnight (till 23:59, Mexico City Time) of the closing date specified in the competition notice, which will be published in the RiskMathics and Derivatives Challenge “Trading Experience” web sites.
  - b. Even if participants register after this period, they will have full access to all the Simulator sections, but will not be eligible to win prizes that will be awarded in the current competition. Participants will be registered in the subsequent competition.
9. In Derivatives Challenge the number of participants is limited to 10,000 (ten thousand) accounts. Nevertheless, RiskMathics reserves the right to accept the registration of participants for justified reasons.

## **GAME MECHANIC**

10. The accounts in Derivatives Challenge will be identified with the "Alias" captured by participants in the corresponding field; it is a nickname that participants use to identify themselves. Derivatives Challenge and RiskMathics reserve the right to change at any time any nickname, upon notice to the participant of such action.

The duration of each Derivatives Challenge competition will be of two months, beginning at midnight (00:00, Mexico City Time) of the first working day of the month that the call notice marked as the competition beginning, until the closing date, being the last working day of the following month.

11. Even though the duration of each competition is of two months, the registration periods may vary between one and the other. However, the registration period will be of at least one month before the beginning of each contest. RiskMathics reserves the right to change the duration of the registration period, as well as, the tournament duration without prior notice.
12. After the successful registration of participants, Derivatives Challenge will give each of them a virtual amount of \$10'000,000 (ten millions Virtual Pesos 00/100), with which they can carry out buy or sell trades in a virtual fashion, in all classes and series of Futures and Options contracts listed in MexDer at the moment the competition started.
13. Those futures series, options strike prices and new contract classes listed by MexDer during the term of a competition, will not be considered in Derivatives Challenge until the end of such competition, being subject to trade in subsequent competitions. However, the series and strike prices withdrawn by MexDer will be reflected in the Simulator during the current competition.
14. Once participants have successfully registered in Derivatives Challenge they can participate in the competition about to begin, if their registration was within the period of time specified in the call notice, if not, they will automatically be registered to participate and be eligible to win prizes in the following competition. At the beginning of each competition the portfolios of all users will be reset to zero and once again will receive the amount of \$10'000,000 (ten millions Virtual Pesos 00/100).
15. Participants can create their own Trading strategy based on their previous knowledge of Derivatives Trading, the Derivatives Challenge Operation Manual and/or any kind of information that helps them to create a profitable portfolio.

## **OPERATING RULES**

16. In Derivatives Challenge, participants can only capture (in a virtual fashion) orders to buy or sell Futures or Options, subject to the following conditions:

- a. Participants must have “virtual cash” in their accounts to cover the amount of the purchases and the corresponding commissions. If their “virtual cash” is insufficient to cover the total amount of the order, it will be totally rejected by the Simulator, which means it will not be partially assigned.
  - b. In Derivatives Challenge it is not possible to cancel transactions, consequently, participants that have mistakenly bought or sold a Future or Option will have to carry out the inverse transaction, to the original one, to cancel out such position, having to pay the corresponding virtual commissions.
  - c. For every buy or sell order, the Simulator will automatically generate a virtual commission per traded contract, whether a sale or purchase, which will be discounted from the available amount of virtual cash that participants have in their portfolios. This commission, even though a virtual amount, is constituted in such a way that simulates what a natural person should pay for a contract traded with a MexDer Clearing Member or Trading Member. Each commission charged by Derivatives Challenge includes the commissions for execution (Broker/Trader), the Exchange (MexDer), and Clearing and Settlement (Asigna and Clearing Member). These commissions are described in the Simulator Operation Manual.
17. Derivatives Challenge will pay an interest rate of 28-day TIEE on the virtual margin account balance of the portfolio. Users will have to do at least one trade for the Simulator to start depositing the amounts derived from the daily interests, and these can be consulted in the daily and historical transactions.
  18. The main objective of Derivatives Challenge is to allow current investors (and general public) to have the opportunity to experience and virtually simulate the transactions of the Mexican Derivatives Market. Therefore, Derivatives Challenge “Trading Experience” and the Committee maintain the Simulator as close as possible to real conditions. This means that every buy or sell order placed through the system will be automatically assigned and executed at all times by the Simulator, in accordance with the criteria of prices established for trading in Derivatives Challenge.
  19. Derivatives Challenge is a tool in which market prices, figures, volumes... are displayed in real time according to what is happening in MexDer.
  20. The Simulator operates mostly under conditions found in the real market, as well as in MexDer, Asigna and the Clearing Members authorized by the Mexican National Banking and Securities Commission, Mexican Ministry of Finance and Public Credit, and Bank of Mexico (Mexico’s Central Bank); however, some differences exist:
    - a. Market Asymmetry. In the markets, there always have to be a buyer to a seller, and vice versa, to close a trade; in Derivatives Challenge, this is not the case, the simulator always will be the counterpart for all users and will always close the

trades, according to the operation criteria (during trading hours, at the close of the market, “over night”, etc.), bringing virtual “liquidity” at all times. Likewise, the simulator will be the counterpart to Options auto-exercise. It will also serve as Clearing House and Clearing Member (guarantees, margins, closing positions for resources inadequacy in the margin account, etc.).

- b. Margin Algorithm. Even though Derivatives Challenge closely replicates the algorithm used by Asigna to calculate the portfolio margins, there are some differences.
21. Daily at 5 a.m., Derivatives Challenge will perform the “Mark to Market” of all the positions contained in the participants’ portfolios. Such operation will take place under 2 key criteria that must be taken into account:
  - a. When the adequacy ratio at class level of Futures or Options is below 80% of the amount originally required, the user will receive an email (at the address registered in the Derivatives Challenge Sign Up form) notifying him/her that the margin account must be restored once again to 100%. This is carried out by debiting the cash account and crediting the margin account.

Participants must go to the position section to restore the margin account. In this window the Required Margin is displayed, and if double clicked the Margin account will be restored to 100%. If participants are not interested in maintaining the position or if they do not have enough cash, the position will have to be closed.
  - b. When the margin adequacy is below 60% of what was originally required, Derivatives Challenge will close the position of all the class, charging the corresponding commission fees for those contracts. The remainder will be deposited in the participant’s “cash” account.
22. The chances of winning depend on the abilities revealed by the participant, as well as those of other participants. The list of the top 10 (ten) places will be published daily and will list those whose portfolio has the highest nominal value, which will allow them to follow up their portfolio and know their position within the overall number of participants that are registered in Derivatives Challenge “Trading Experience”.
23. In the “30 top places” (*30 primeros*) section, the total number of participants is shown, either those who are eligible to win prizes, because they comply with all the requirements previously established, as those who participate in the Simulator without the possibility of being winners of the competition, consequently, even if a participant appears in this section it does not imply his/her participation in the tournament.
24. The charging scheme of virtual commissions on each trade can be modified without prior notice, in order to be as close to market conditions as possible,

although the organizer will seek, wherever possible, not to make changes during the competition.

25. As there is no symmetry between long and short positions, the participant who has a selling position (short) on Call or Put Options may have it exercised or assigned if the Option has an Intrinsic Value above the auto-exercise threshold indicated in the Simulator Operation Manual. This assignment is accompanied by a message via email.

#### **DETERMINATION OF WINNERS AND AWARD**

##### **26. WINNERS OF THE BYMONTHLY COMPETITION**

- a. The winners will be three participants with valid registration for Derivatives Challenge “Trading Experience” participation, in accordance with these Rules, and who achieve the best returns or make the least loss (depending on market conditions) on their portfolios at the end of the competition. Thus, Derivatives Challenge will take into account the value of each position in the portfolio at 17:30, Mexico City time, on the date specified in the corresponding call notice as the date of the competition end.

##### **The prizes consist of the following:**

- i. 1<sup>st</sup> prize of \$200,000.00 (two hundred thousand Mexican Pesos 00/100) to the participant with the highest total value in his/her virtual portfolio at the end of each competition published by Derivatives Challenge “Trading Experience” and RiskMathics;
- ii. 2<sup>nd</sup> prize of \$100,000.00 (one hundred thousand Mexican Pesos 00/100) to the participant with the second highest total value in his/her virtual portfolio at the end of each competition published by Derivatives Challenge “Trading Experience” and RiskMathics;
- iii. 3<sup>rd</sup> prize of \$50,000.00 (fifty thousand Mexican Pesos 00/100) to the participant with the third highest total value in his/her virtual portfolio at the end of each competition published by Derivatives Challenge “Trading Experience” and RiskMathics;
- iv. In the event of a tie, the total prize will be equally divided among the winners who achieve the same place;
- v. The prize amounts will be paid in accordance with the applicable tax provisions at the time of payment, so RiskMathics can withhold the corresponding amount, issuing the respective tax certificate.

27. Winners should comply with the registration and operation dates indicated in these Rules.

28. The verification of winners will take place at the end of the Exchange trading hours, in accordance with the established schedule by MexDer, located in Mexico City with the following address: Av. Paseo de la Reforma No. 255, Col. Juárez, Mexico City. If one of the Derivatives Challenge “Trading Experience” winners do not comply with any of the game rules, he/she will automatically be disqualified, giving his/her place to the next in the list of Participants with the next best return in his/her virtual portfolio.
29. The decision regarding the winners of Derivatives Challenge “Trading Experience” is indisputable.
30. The winners list will be published in the web sites of Derivatives Challenge “Trading Experience” and RiskMathics, the third business day following the day on which the competition ended. Each winner will be notified by post, email or telephone, based on the data provided during the registration process to the Derivatives Simulator, Derivatives Challenge “Trading Experience”.
31. Prizes can be claimed up to 30 (thirty) calendar days after the end of each competition in the RiskMathics offices, located in Nicolás San Juan No. 242-A, Col. Del Valle, C.P. 03100, Mexico City, or any other location designated with due anticipation by RiskMathics and Derivatives Challenge. The amount gained will be deposited via wire transfer to the registered account or to the one requested by the winner. It is understood that if the winner does not show up to claim his/her prize, he/she will lose the right to claim it afterwards.
32. Prizes will be paid according to the conditions established in these Derivatives Challenge “Trading Experience” Rules.
  - a. Participants that win prizes will be subject to the tax provisions governing in Mexico City, Mexico.

#### **ADDITIONAL PROVISIONS**

33. RiskMathics shall make its best effort to maintain available the Simulator at all times; however, RiskMathics is not responsible of system crashes, errors and delays in information, non-existent trades, portfolio variations, inability to access Derivatives Challenge “Trading Experience” or to process buy and sell orders relating to the Simulator, among others.
34. Employees of RiskMathics and the Committee members CANNOT provide information or recommendations to participants and users of the Simulator regarding their accounts or what to buy or sell in the Derivatives Challenge “Trading Experience”.
35. Even though Derivatives Challenge “Trading Experience” simulates operations simultaneously to those in the market, there can be differences; despite that

Derivatives Simulator is considering as much elements as possible to replicate reality in the best possible way, there may be certain discrepancies. No liability is accepted by Derivatives Challenge “Trading Experience” and RiskMathics for any decision making actually undertaken by participants, based on trades and transactions carried out in Derivatives Challenge “Trading Experience”.

36. Documents as well as all information contain in these pages are provided solely for information purposes, to the competition participants and users practicing and carrying out trades in Derivatives Challenge “Trading Experience”, who should make their virtual investment decisions without relying in the content of these pages. Any person who wants to obtain further information or wants to carry out real transactions on any listed Future or Option in the Simulator must do so through the means provided in the investment contract(s) celebrated by the MexDer Trading Members or Clearing Members, in compliance with the requirements indicated in such contract(s).
37. RiskMathics shall not be liable for damages or harm of any nature that might be derived from the use of documents or information provided in these pages or its content.
38. Any deliberate attempt by a competitor, or any other individual, to damage the website, alter or delete the Derivatives Challenge “Trading Experience” records, or modify in any way the trading characteristics of the Simulator, will result in the disqualification of such Participant and may bring action against him/her according to the corresponding civil and criminal laws.
39. Participants accept that their transactions, data and Alias of identification captured by them are property of RiskMathics, who may make use of these as best suits its interests. Additionally, winners accept to participate in any advertising conducted by RiskMathics Financial Institute in any domestic or foreign means of communication, without any additional payment for this purpose.
40. RiskMathics reserves the right to terminate Derivatives Challenge “Trading Experience” indefinitely, modify the prizes and payment methods, as well as, to cancel the competition or modify the competition dates, with prior notice in the websites of RiskMathics and Derivatives Challenge “Trading Experience”, prior to commencement of a competition.
41. For any clarification or information related to the Derivatives Simulator, Derivatives Challenge “Trading Experience”, please contact us at: Telephone: 01(55) 5536 4325 ext. 223, or go to the RiskMathics offices located in Nicolás San Juan No. 242-A, Col. Del Valle, C.P. 03100, Mexico City.
42. In no event the distribution of the information contain in Derivatives Challenge “Trading Experience is allowed, for any purpose different from that of the simulator game.