

CME Group to MexDer:

North to South FAQ & On-boarding Reference Guide

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MexDer on CME Globex Frequently Asked Questions

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GENERAL

1. Who is MexDer?

Mercado Mexicano de Derivados, S.A. de C.V., the Mexican Derivatives Exchange – began operations on December 15th, 1998, with the listing of futures on financial underlying assets, and was incorporated as a corporation under the Mexican law (S.A. de C.V.) authorized by the Ministry of Finance and Public Credit (SHCP).

The Mexican Derivatives Exchange (MexDer), known locally as the Mercado Mexicano de Derivados, launched in 1998, offers futures and options on futures contracts on interest rates, a stock index, currencies and single stock futures. The exchange is owned by parent company Bolsa Mexicana de Valores S.A.B. (BMVSAB), which also owns the Mexican Stock Exchange (MSE) and the clearing house, ASIGNA.

2. What type of products does MexDer offer and which MexDer products will be on CME Globex?

MexDer offers a diverse list of contracts, which includes derivatives based on a variety of assets: fixed income, currency exchange rates for the U.S. Dollar and Euro vs. the Mexican Peso, individual equities and the IPC Equity Index.

Most MexDer derivative products eligible for trading will be available over CME Globex through two Market Data Platform (MDP) channels 26 and 27 in FIX/FAST format. Some benchmark contracts that will be tradeable are the IPC Equity Index, the Peso/US Dollar, and the 3yr. 5yr. 10yr. 20yr. and 30yr. Bond contracts.

For a full list of products and contract specs, please visit
http://www.mexder.com.mx/MEX/Futures_Contracts.html

3. Are there any regulatory restrictions for MexDer products?

The appropriate regulatory approvals are in place for the derivative futures and options contracts available for North to South Order Routing. US market participants are not eligible to trade MexDer Single Stock futures due to a current lack of CFTC approval.

For a complete list of MexDer products please visit
http://www.cmegroup.com/international/files/MexDer_Order_Routing_Products_N2S.pdf

4. **Are there functionality differences between the MexDer platform and CME Globex?**

Yes, there are functionality differences between the MexDer platform and CME Globex that customers should understand. These differences have been well documented and are available in the Client Impact document. For detailed analysis please visit the MexDer Client Impact Assessment at <http://www.cmegroup.com/globex/files/BMVMexDerCliImp.pdf>

5. **Is an order routing link the same as a hosting agreement?**

No, the important distinction is that MexDer's products do not match on CME Globex. Rather, MexDer products continue to match on MexDer's current electronic trading system. CME Globex is introducing a new access method to the MexDer market by routing orders entered on CME Globex to the MexDer platform. MexDer continues to operate its own market, and all participants are subject to MexDer and Mexican regulatory guidelines. The order routing link provides increased distribution by providing straightforward access to MexDer for CME Globex customers.

6. **What is the chain of events for order routing into MexDer?**

While MexDer contracts are routed by the CME Globex platform, they will be settled by the MexDer Clearinghouse Asigna. When a CME Group user sends an order for a MexDer product the following series of events occur:

- 1) CME Group distributes MexDer instrument definitions via market data channels: Channel 26 for MexDer futures and Channel 27 for MexDer options on futures.
- 2) A CME Globex user places an order through their vendor of choice or proprietary systems.
- 3) iLink translates and routes the incoming order to the MexDer platform.
- 4) The MexDer trading platform sends an order submission confirmation and any applicable match information back to CME Globex.
- 5) iLink translates and routes the order confirmation and applicable match information back to the end user.
- 6) All trades for MexDer products are cleared by the MexDer Clearinghouse Asigna.

7. **Will there be Mock Trading sessions prior to the launch?**

Yes. Customers wishing to access MexDer via the order routing agreement should plan to participate in at least one of the Saturday mock trading sessions that will be offered. Mock trading session dates will be announced in the CME Globex Notice.

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TRADING TOOLS

1. **Will my MexDer orders be available over Drop Copy?**

Yes, all data executed through an iLink session configured for Drop Copy will be available, including MexDer product orders.

2. **Will FirmSoft be available for MexDer orders?**

Yes, FirmSoft will allow for status request and cancellation of orders on MexDer instruments traded by customers connected through CME Globex. Please contact your CME Group Clearing firm for information on access to FirmSoft For additional information please visit

www.cmegroup.com/firmsoft

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FRONT END AND PROPRIETARY SYSTEM CONSIDERATIONS

1. **Does my ISV or proprietary system need to certify to trade MexDer products?**

The interface to trade MexDer was designed to mitigate any impact on an existing CME Globex application. However, based on small differences between the exchanges, system certification is required to trade MexDer products.

Developers should contact their Global Account Manager (GAM) at (312) 634-8700 to begin the certification process.

The MexDer Client System Impact Assessment contains more information about the messaging interfaces and is available online at

<http://www.cmegroup.com/globex/files/BMVMexDerCliImp.pdf>

2. **Do I need a different Global Executing Firm number or iLink session to trade MexDer products?**

The order routing link to MexDer was designed to leverage your existing iLink session without any new sessions. Please contact your Global Account Manager representative to discuss any concerns about connectivity.

3. **Are there MexDer messaging volume rates per iLink session to be considered?**

CME Group volume controls will be implemented to manage the messages per second (MPS) rates that are available to support the MexDer products via CME Globex. For additional considerations related to the MPS rates, please visit the MexDer Client Impact Assessment at

<http://www.cmegroup.com/globex/files/BMVMexDerCliImp.pdf>

4. **How can I view market data and current quotes for MexDer products?**

All MexDer products eligible for trading will be available over the Market Data Platform channels (channel 26 for futures and 27 for options) in FIX/FAST format like any existing CME Group product. To subscribe for MexDer products, add the defined channels to your Market Data Platform FIX/FAST application.

Please be aware that when a CME Group customer is going to leverage the North to South Order Routing agreement that there are Market Data implications. Below, find the contacts at the partner exchange necessary to address MexDer market data reporting requirements.

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ONBOARDING REQUIREMENTS

1. **What do I need to do to trade on MexDer?**

For non-Mexican domiciled customers wishing to trade MexDer products via CME Globex, a good starting point is to contact your CME Group Clearing firm to see if it has an existing relationship with a MexDer clearing firm. While a relationship with a MexDer Clearing firm is ultimately required, there are multiple options to access the MexDer market, and not all of them demand a direct customer to clearing firm relationship. Below is a description of the various account types. Please contact Berenice Corral VP Business Development and Marketing at (866)MEXDER1 from the U.S. and (52) 55 5342 9930 (bcorral@mexder.com.mx) or Iñaki Barcos at (52) 55 5342 9931 for further information on the Mexican account structures:

As a Client

- Proprietary trader as a customer of a MexDer trading member
- As a client of an Omnibus Account
- Application for Participant of Recognized Foreign market will need to be in place to leverage this account structure

As a client of an omnibus account

- Handling customer accounts through a Trading Member or a Clearing Member
- Trade through existing agreement with the CME Group Member registered omnibus in MexDer
- Does not require legal paperwork with MexDer

As a Remote Member

- Non-Clearing Remote Membership with direct access to the trading system
- Clear through a MexDer Clearing Member
- Legal paperwork required with the exchange

Additional considerations:

- I. If not currently trading CME Group products you will need to work with Global Account Management to begin the process. Once a vendor has been chosen and or a proprietary front end system for use has been defined a certification process might be necessary to take advantage of the North to South Order Routing agreement.
- II. For CME Group Clearing firms, it is not necessary to request a new iLink Session or Globex execution firm number, but if segregation of the Mexican business is required, work with your Global Account Manager.
- III. Once the iLink Session has been defined it will be necessary to work with the MexDer on-boarding team to ensure it is mapped appropriately at MexDer.

2. Application for Participant of Recognized Foreign Market

For those customers who plan on leveraging the account structure **As a Client** (direct relationship with a MexDer Asigna Clearing Member firm) for the MexDer North to South program there will be a need to have filled out the necessary legal paperwork (Application for Participant of Recognized Foreign Market) prior to order routing. Such paperwork will be facilitated by the MexDer exchange, and to begin the process you will need to contact the following resources at MexDer; Luis Acevedo ([lacevedo@mexder.com.mx](mailto:lacedo@mexder.com.mx)) or Berenice Corral (bcorral@mexder.com.mx). For customers that will be using the Omnibus account structure, the aforementioned paperwork will not be necessary as it will be handled by their current CME Group Class A member firm.

For additional information, please contact your Global Account Manager at globalaccountmanagement@cmegroup.com

3. How do I find a Clearing Member at Mexder?

You may establish a direct relationship with a MexDer clearing firm, or your CME Group Clearing firm may already have an established relationship with a MexDer Clearing Member firm. Please contact your CME Group Clearing firm for details.

You can view the list of MexDer brokers on the following website:

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

4. How does the North to South on-boarding process work?

To begin, existing CME Globex customers should reach out to their Global Account Manager. An iLink session must be defined (current or newly created). Information that will be necessary to pass along to MexDer will be the customer account number and SenderCompID (CME Globex Firm number and Session ID make up SenderCompID). The MexDer on-boarding team will be accountable for the participant mapping necessary to trade the MexDer products. To begin the process, please contact Global Account Management at (312) 634-8700 or email globalaccountmanagement@cmegroup.com

Steps to be aware of:

- Customers who want to take advantage of the North-to-South Order Routing will need to establish a relationship with a MexDer Asigna Clearing member firm
 - This can either be facilitated directly or indirectly with their CME Group Class A firm
- The customers CME Group Class A firm will request an iLink session on behalf of the customer planning to participate in North to South Order Routing
 - *It is not mandatory that a new iLink be leveraged for North to South, however specific message volume rate considerations must be taken into account – please refer to the section 1.9 of the [Client Impact Assessment](#) for additional information*
- After the iLink session is built the session and **SenderCompID** will be passed along to the customer who will then forward the details to their MexDer Clearing member
- Once this has been accomplished, the MexDer Clearing member will request an account number for North to South trading from the MexDer Operations desk for participant mapping prior to being able to participate

5. **Do I need to apply for a specific type of membership at MexDer in order to trade MexDer products?**

No, MexDer provides a number of different scenarios which facilitate participation North to South; specifically, participating with a MexDer Clearing Member (MCM) firm, a client of an omnibus account or directly as an omnibus account that is facilitated through a current trading member or Asigna clearing member firm

6. **Can I use the same CME Group account number I use to trade CME Group products to trade at MexDer?**

Yes, you can submit orders to MexDer with your current CME Group account, as long as the account is registered with your Mexico Clearing Member firm and matches MexDer requirements. Please note that once orders are received at MexDer, there is a translation process that occurs to process your order.

The MexDer Client Impact Assessment contains more information about the translation process and is available online at: <http://www.cmegroup.com/globex/files/BMVMexDerCliImp.pdf>

7. **How does the omnibus account structure work with MexDer?**

As a MexDer Omnibus account, the customer that qualifies will execute directly through MexDer and will clear with the MexDer Asigna Clearing member that the customer has the relationship with. This account structure requires minimum legal paperwork with the exchange. Additionally, an omnibus account does not disclose the client’s identity. For additional information related to the omnibus structure at MexDer, please refer to section 1 under the Onboarding Requirements category “What do I need to trade on MexDer.”

8. Are there any special tax considerations in trading MexDer products?

No, capital gains on derivatives traded at MexDer are not subject to withholding taxes.

9. How does margin and collateral work with products traded at MexDer?

Margin and collateral related to derivatives products traded at MexDer can be pledged in the U.S. and the acceptable collateral can be Treasury Bills, Notes, Bonds and the US Dollar (cash).

For additional information on the margin calculation methodology at Asigna the MexDer Clearinghouse, please visit <http://www.asigna.com.mx/>

10. What are the fees to trade MexDer?

The MexDer Web site provides detailed information regarding MexDer fees. You can access the files at:

Fee Example: http://www.mexder.com.mx/MEX/Tarifas_Mexder_eng.html

Note: there are no additional CME Globex fees applied to the trading of MexDer products via CME Globex

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MARKET ASSISTANCE & PRODUCTION SUPPORT

1. What is the MexDer help desk and what are the hours?

The MexDer Market Operations Center support desk is responsible for market operations, customer support and trading authorization for all electronic trading between the hours of 7:00am and 5:00pm Mexico City time. The MexDer Operations desk can be reached at (52) 55 5342 9447

2. What are the hours that I can trade MexDer products over CME Globex?

The MexDer derivatives market trading hours are from 07:30 - 15:00 (Mexico City local time). Trading hours may vary between product groups.

Details on trading hours by product can be found at:

Futures http://www.mexder.com.mx/MEX/Futures_Contracts.html

Options http://www.mexder.com.mx/MEX/Options_Contracts.html

3. Are there holidays in Mexico when MexDer is closed for trading?

Yes, there are Mexican holidays when users will not be able to trade MexDer products.

A list of those holidays can be found at: http://www.mexder.com.mx/MEX/Holiday_calendar.html

4. Are there any U.S. holidays that will prevent me from trading MexDer products?

No. MexDer products will be available via CME Globex whenever MexDer is open for trading.

5. I trade MexDer and other exchanges' products via CME Globex, who do I call for operational or technical support?

If you have questions about MexDer orders or products or need operational or technical support, call MexDer Market Operations at (52) 55 5342 9447.

For issues related to iLink sessions, connectivity to CME Globex or support for products matched on the CME Globex platform, call the GCC at (312) 456-2391.

6. Who do I call for Trade Status, Order Status or Error Trade inquiries for MexDer products?

Please contact the MexDer operations desk for any of the aforementioned issues at (52) 55 5342 9447

7. Who do I call if I have questions about my MexDer order in FirmSoft?

For questions on MexDer order status based on the FirmSoft display, first contact MexDer Ops to verify your actual positions and mitigate any risk, and then contact the Globex Control Center (312) 456-2391 option #3 (Web based application support) to address the FirmSoft display issue.

8. How will MexDer inform me of error trades or market events?

Error trades are addressed by account number only post-execution following the procedures established in the MexDer rule book. Order routing and market data messaging will not be sent for trade adjustments. Error trade busts are communicated to the counterparties via standard iLink messaging. Market data statistics will be updated to reflect the trade bust. There are no no-bust ranges for MexDer products.

Market events are communicated via the MexDer website only

http://www.mexder.com.mx/MEX/home_ingles.html

9. How does daylight savings time affect trading MexDer contracts?

Mexico's Daylight Savings Time (summer schedule) begins the first Sunday in April and ends on the last Sunday in October; since the U.S. observes DST beginning the second Sunday in March and ending the first Sunday in November, the times are out-of-synch for 2 weeks in March and 1 week in November. The trading schedule for MexDer derivative products may be adjusted for these 3 weeks to reflect the U.S. DST changes. Any changes to the MexDer products hours are published and available on the MexDer website.

Trading hours during the 3 weeks difference due to DST are as follows and may change according to the Mexican Stock Exchange (MSE) trading hours.

| | |
|---------------------|--------------------|
| Trading starts | 7:00am |
| Trading ends | 2:00pm |
| Auction market | 2:10pm to 2:15pm** |
| Trade at Settlement | 2:25pm to 2:35pm** |

***Only for the applicable products*

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