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# FTSE PiP Mexico Fixed Income Index Series

v1.0

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## Section 1

# Introduction

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### 1.0 Introduction

#### 1.1 The FTSE PiP Mexico Fixed Income Index Series

1.1.1 The FTSE PiP Mexico Fixed Income Index Series is designed to measure the performance of the Mexico bond market, covering the government, semi government and corporate bonds.

1.1.2 The FTSE PiP Mexico Fixed Income Index Series consists of domestic MXN denominated fixed income instruments and also foreign currency bonds issued by the Mexican Government. Each sector is covered by a separate index, which may have its own additional eligibility criteria depending to security type, sector or maturity as described in section 3.7.

#### 1.2 FTSE Russell

1.2.1 FTSE Russell is a trading name of FTSE International Limited (FTSE), Frank Russell Company (Russell), FTSE TMX Global Debt Capital Markets Inc. and FTSE TMX Global Debt Capital Markets Limited (together, "FTSE TMX") and MTSNext Limited. FTSE, Russell and FTSE TMX are each benchmark administrators of indexes. References to FTSE Russell should be interpreted as a reference to the relevant benchmark administrator for the relevant index.

1.2.2 FTSE Russell hereby notifies users of the index series that it is possible that circumstances, including external events beyond the control of FTSE Russell, may necessitate changes to, or the cessation, of the index series and therefore, any financial contracts or other financial instruments that reference the index series should be able to withstand, or otherwise address the possibility of changes to, or cessation of, the index series.

#### 1.3 Statement of Principles

1.3.1 Indexes need to keep abreast of changing markets and the Ground Rules cannot anticipate every eventuality. Where the Rules do not fully cover a specific event or development, FTSE Russell will determine the appropriate treatment by reference to the Statement of Principles for FTSE Bond Indexes which summarizes the ethos underlying FTSE Russell's approach to index construction. The Statement of Principles is reviewed annually and any changes proposed by FTSE Russell are presented to the FTSE Russell Policy Advisory Board for discussion before approval by FTSE Russell's Governance Board.

The Statement of Principles for Bond Indexes can be accessed using the following link:

[http://www.ftse.com/products/downloads/Statement\\_of\\_Principles\\_Bond\\_Indexes.pdf](http://www.ftse.com/products/downloads/Statement_of_Principles_Bond_Indexes.pdf)

#### 1.4 **These Ground Rules**

1.4.1 This document sets out the Ground Rules for the construction and management of the FTSE PiP Mexico Fixed Income Index Series.

#### 1.5 **Index Series Objectives**

1.5.1 The FTSE PiP Mexico Fixed Income Index Series is designed to be a measure of the Mexican Fixed Income market. The series consists of transparent indexes, which are designed to be replicable with individual security holdings and prices disclosed electronically each day.

#### 1.6 **Total Return Index**

1.6.1 A total return index is calculated for all the indexes. The total return index takes into account the prices changes, accrued interest and coupon payments of each index constituent.

1.6.2 For each index in this series, two versions are calculated; one version assumes a same-day settlement (T+0), and the other uses a Next Business Day Settlement (T+1). different levels will be calculated. One will use PiP valuation prices if the constituent had as Settlement day "Today (T)". The other will be calculated using PiP valuation prices as if the constituent has as Settlement day "Next Business Day (T+1)".

1.6.3 In addition to the total return index, the following index analytics are also calculated:

- Index Yield
- Index Duration
- The number of bonds in each index
- The total notional and market value of all the bonds in the index

1.6.4 For further details on the index and bond level calculations, please see the Guide to Calculation Methods of the FTSE Fixed Income Indexes.

## 1.7 Index Family Overview

1.7.1 FTSE PiP Mexico Fixed Income Index Series is broken down into three main borrower categories: Corporates, Banks, and Government.

Group/Family Index Series	# of Indexes
<b>FTSE PiP Mexico Banking Bond Index Series</b>	<b>4</b>
FTSE PiP Mexico Bank Index	4
<b>FTSE PiP Mexico Corporate Bond Index Series</b>	<b>9</b>
FTSE PiP Mexico Corporate CP and MTN Index	3
FTSE PiP Mexico Corporate Eurobond Index	1
FTSE PiP Mexico Corporate Fixed Rate Bond Index	3
FTSE PiP Mexico Corporate Floating Rate Notes Index	2
<b>FTSE PiP Mexico Government Bond Index Series</b>	<b>64</b>
FTSE PiP Mexico Cetes Index	7
FTSE PiP Mexico Government Fixed Rate Bond Index	12
FTSE PiP Mexico Government Floating Rate Bond Index	4
FTSE PiP Mexico Government Real Rate Bond Index	16
FTSE PiP Mexico Government Repo Index	4
FTSE PiP Mexico Government RMBS Index	4
FTSE PiP Mexico Government UMS Bond Index	9
FTSE PiP Mexico IPAB Bond Index	5
FTSE PiP Mexico Monetary Policy Bond Index	2
FTSE PiP Mexico Overall Government Bond Index	1
<b>TOTAL</b>	<b>77</b>

1.7.2 All Indexes/sub-Indexes have the following maturity breakdowns providing that their description allows it and a sufficient number of index constituents are available:

- Maturity in Years: 1 to 5, 5+ to 10, 10+ to 15, 15+ years

## Section 2

# Management Responsibilities

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## 2.0 Management Responsibilities

### 2.1 FTSE TMX Global Debt Capital Markets Inc. (FTSE TMX)

2.1.1 FTSE TMX is the benchmark administrator.

### 2.2 PiP Proveedor Integral de Precios

2.2.1 PiP (Proveedor Integral de Precios) is responsible for the operation of the FTSE PiP Mexico Fixed Income Index Series, including the daily calculation of the index values in accordance with the Ground Rules. PiP maintains records of all the constituents and is responsible for the addition and deletion of bonds and changes of nominal amounts, in accordance with the Ground Rules.

### 2.3 Amendments to these Ground Rules

2.3.1 These Ground Rules shall be subject to regular review by FTSE Russell to ensure that they continue to meet the current and future requirements of investors and other index users. Any proposals for significant amendments to these Ground Rules will be subject to consultation with FTSE Russell advisory committees and other stakeholders if appropriate. The feedback from these consultations will be considered by the FTSE Russell Governance Board before approval is granted.

## Section 3

# Index Eligibility Criteria

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### 3.0 Index eligibility criteria

3.1 Sections 3.1.1-3.5 list the general eligibility criteria for the overall index series, whilst section 3.6 lists the index specific eligibility criteria.

3.1.1 All bonds issued in Mexico and denominated in MXN, or any Mexican government bond issued abroad will be considered for inclusion into the FTSE PiP Mexico Fixed Income Index Series, subject to meeting the following index eligibility criteria.

#### 3.2 Issuer Type

3.2.1 Bonds issued by banks, central and regional governments, corporations (either direct or through a SPV), government agencies are eligible for inclusion into the FTSE PiP Mexico Fixed Income Index Series.

#### 3.3 Eligibility of Bonds

3.3.1 The following bond types are eligible:

- Fixed and Zero coupon bonds
- Floating Rate Notes
- Inflation Linked Bonds
- Residential Asset backed securities issued by Housing Institutes

3.3.2 The following security types are not eligible:

- Private placements or retail bonds
- Sinkable bonds
- Index linked annuities
- Convertible bonds or bonds with contingent conversion features
- Perpetual bonds which are not callable

#### 3.4 Minimum Nominal Amount

3.4.1 Sovereign bonds are not subject to a minimum nominal outstanding screening.

3.4.2 All other eligible bonds are subject to a minimum nominal outstanding screening of MXN 200 million for maturities shorter than 1 year or MXN 500 million above 1 year.

### 3.5 Minimum Maturity

3.5.1 The minimum initial time to maturity, as determined by the number of years from the settlement date until the maturity of the bond is 1 year. The only exception to this rule are the 1-365 days indexes where shorter maturities are allowed for the inclusion of short-term instruments to them.

3.5.2 The minimum remaining time to maturity is 1 year, with the exception of the 1-365 index series, which will include bonds with a remaining time to maturity of less than 1 year.

### 3.6 Minimum Rating

3.6.1 If a bond is rated by at least one major rating agency, the following procedure will be used to determine if the instrument is included in the index:

- If only one rating is available, use that rating.
- If two ratings are available, and they are different, use the lower rating of the two.
- If the lowest rating is below investment grade the bond will not be eligible for the index.
- Bonds that are in default are not eligible for the indexes.

3.6.2 The minimum issue-level rating for a security to be eligible on the index is A.

### 3.7 Description and Eligibility Criteria of Each Benchmark

#### 3.7.1 Banking Sector:

- **FTSE PiP Mexico Bank Index Series:** Consists of eligible securities issued by banks domiciled in Mexico. The eligible types of instruments are Promissory Notes payable at maturity and Bank Acceptances. The full portfolio is invested on securities with the "Bank Funding Rate" (TFB) posted daily by Banco of Mexico (BANXICO).

Name	Weighting	Sector	Maturity (Days)	Currency
FTSE-PiP Bank	Market Cap	Banking	-	MXN
FTSE-PiP Bank 12M	Market Cap	Banking	90-364	MXN
FTSE-PiP Bank 12M+	Market Cap	Banking	365+	MXN
FTSE-PiP Fondeo B <sup>1</sup>	Market Cap	Banking	-	MXN

#### 3.7.2 Corporate Sector:

- **FTSE PiP Mexico Corporate Fixed Rate Bond Index Series:** Eligible securities are corporate bonds with fixed rate coupon, amount outstanding of 200 million pesos for medium and short term instruments (<1 year), and amount outstanding of 500 million pesos for longer term instruments and a minimum rating as specified on 3.6.2.

Name	Weighting	Sector	Maturity (Days)	Currency
FTSE-PiP CORP FIX<=3	Market Cap	Corporate	1-1095	MXN
FTSE-PiP CORP FIX3-7	Market Cap	Corporate	1095-2555	MXN
FTSE-PiP CORP FIX7+	Market Cap	Corporate	2555+	MXN

- **FTSE PiP Mexico Corporate Floating Rate Bond Index Series:** Eligible securities are corporate bonds with floating rate coupon, amount Outstanding of 200 million pesos for instruments medium and short term (<1 year), and amount Outstanding of 500 million pesos for longer term instruments, and a minimum rating as specified on 3.6.2.

<sup>1</sup> As this benchmark emulates investment on repo rate for 1 day, it will not have any constituents, and its Duration will be marked as N/A on the product file.



Name	Weighting	Sector	Maturity (Days)	Currency
FTSE-PIP CORP FL<=5	Market Cap	Corporate	1-1825	MXN
FTSE-PIP CORP FL5+	Market Cap	Corporate	1825+	MXN

- **FTSE PiP Mexico Corporate Eurobond Index**

Name	Weighting	Sector	Maturity (Days)	Currency
FTSE-PIP Eurobonos	Market Cap	Corporate	365+	USD

- **FTSE PiP Mexico Corporate CP and MTN Index Series:** Eligible securities are Commercial Paper rated at or above "A" by Standard and Poor's (S&P) or equivalent, amount outstanding of more than 200 million pesos; also include Medium Term Notes and Private Stock Certificates with a minimum rating as specified on 3.6.2, with an Amount Issued of more than 200 million pesos for shorter term notes (maturity less or equal to 1 year), and an Amount Issued of more than 400 million pesos for longer term maturities (more than 1 year).

Name	Weighting	Sector	Maturity (Days)	Currency
FTSE-PIP MCORP	Market Cap	Corporate	365+	MXN
FTSE-PIP MCORP12M+	Market Cap	Corporate	365+	MXN
FTSE-PIP MCORP12M	Market Cap	Corporate	1-365	MXN

### 3.7.3 Government Sector

- **FTSE PiP Mexico Overall Government Bond Index**

Name	Weighting	Sector	Maturity (Days)	Currency
FTSE-PIP Guber	Market Cap	Government	-	MXN

- **FTSE PiP Mexico Government Fixed Rate Bond Index Series:** Eligible securities are all current issues of the Federal Government at fixed nominal rate and Federal Government Development Bonds with semiannual payment and fixed coupon rate, instrument types include CETES, Bonds M and Development Bonds (taxable and not taxable), maturities range from less than 1 month up to more than 30 years.

Name	Weighting	Sector	Maturity (Days)	Currency
FTSE-PIP Bonos	Market Cap	Government	-	MXN
FTSE-PIP Bonos CI	Market Cap	Government	-	MXN
FTSE-PIP Fix1M	Market Cap	Government	1-30	MXN
FTSE-PIP Fix3M	Market Cap	Government	30-90	MXN
FTSE-PIP Fix6M	Market Cap	Government	90-180	MXN
FTSE-PIP Fix12M+	Market Cap	Government	365+	MXN
FTSE-PIP Fix1A	Market Cap	Government	180-365	MXN
FTSE-PIP Fix3A	Market Cap	Government	365-1095	MXN
FTSE-PIP Fix5A	Market Cap	Government	1095-1825	MXN
FTSE-PIP Fix10A	Market Cap	Government	1825-3650	MXN
FTSE-PIP Fix20A	Market Cap	Government	3650-7300	MXN
FTSE-PIP Fix30A	Market Cap	Government	10950+	MXN

- **FTSE PiP Mexico IPAB Bond Index Series:** Eligible securities are all “Protección al Ahorro Bancario” (*Depository Insurance Agency*) Bonds in circulation (BPAS, BPAG 28, BPAG 91 and BPAG182), “Protección al Ahorro Bancario” Bonds in circulation with quarterly coupon payments (Bpat) and “Protección al Ahorro Bancario” Bonds in circulation with semi-annual coupon payment (BPA182).

Name	Weighting	Sector	Maturity (Days)	Currency
FTSE-PiP BPAT	Market Cap	Government	-	MXN
FTSE-PiP BPA182	Market Cap	Government	-	MXN
FTSE-PiP BPAG28	Market Cap	Government	-	MXN
FTSE-PiP BPAG91	Market Cap	Government	-	MXN
FTSE-PiP IPAB	Market Cap	Government	-	MXN

- **FTSE PiP Mexico Monetary Policy Bond Index Series:** Eligible securities are all Federal Government Development Bonds (BONDESD) and all Monetary Regulation Bonds issued by Banco de México (BREMS) in circulation.

Name	Weighting	Sector	Maturity (Days)	Currency
FTSE-PiP BondesD	Market Cap	Government	-	MXN
FTSE-PiP Brems	Market Cap	Government	-	MXN

- **FTSE PiP Mexico Government Real Rate Bond Index Series:** Includes the entire Compensation Road Securities Certificate with endorsement of the Federal Government (CBIC's) in circulation, all of the Notes Compensation Road with endorsement of the Federal Government (Pics) outstanding, all real rate instruments backed by the Federal Government (Udibono), maturities range from less than 1 year up to 30 years.

Name	Weighting	Sector	Maturity (Days)	Currency
FTSE-PiP CBIC	Market Cap	Government	-	MXN
FTSE-PiP CBIC CI	Market Cap	Government	-	MXN
FTSE-PiP Pic	Market Cap	Government	-	MXN
FTSE-PiP Real	Market Cap	Government	-	MXN
FTSE-PiP Real1A	Market Cap	Government	1-365	MXN
FTSE-PiP Real3A	Market Cap	Government	365-1095	MXN
FTSE-PiP Real5A	Market Cap	Government	1095-1825	MXN
FTSE-PiP Real10A	Market Cap	Government	1825-3650	MXN
FTSE-PiP Real20A	Market Cap	Government	3650-7300	MXN
FTSE-PiP Real30A	Market Cap	Government	7300-10950	MXN
FTSE-PiP Real CI	Market Cap	Government	-	MXN
FTSE-PiP Real 20A CI	Market Cap	Government	3650-7300	MXN
FTSE-PiP Real 30A CI	Market Cap	Government	7300-10950	MXN
FTSE-PiP Udibonos	Market Cap	Government		MXN
FTSE-PiP Udibonos CI	Market Cap	Government		MXN
FTSE-PiP Udibonos Dur 5-6 A	Market Cap	Government	1825-2190	MXN

- **FTSE PiP Mexico Government Floating Rate Notes Index Series:** Eligible securities are all which are issued by the Federal Government and IPAB with floating rate coupon (BONDESD, Bond182, BPAS, BPAT, BPA182 and BREMS).Eligible securities are all which are issued by the Federal Government and IPAB with floating rate coupon (BONDESD, Bond182, BPAS, BPAT, BPA182 and BREMS).

Name	Weighting	Sector	Maturity (Days)	Currency
FTSE-PiP Float	Market Cap	Government	-	MXN
FTSE-PiP Float12M	Market Cap	Government	1-365	MXN
FTSE-PiP Float12M+	Market Cap	Government	365+	MXN
FTSE-PiP Float2	Market Cap	Government	-	MXN

- **FTSE PiP Mexico Cetes Index Series:** Eligible securities are all Mexican Treasury Bills (Certificados de la Tesorería, Cetes) in circulation. Maturities range from 1 day up to 364 days.

Name	Weighting	Sector	Maturity (Days)	Currency
FTSE-PiP Cetes	Price Weighted	Government	-	MXN
FTSE-PiP Cetes 7d	Price Weighted	Government	1-7	MXN
FTSE-PiP Cetes 28d	Price Weighted	Government	20-28	MXN
FTSE-PiP Cetes 70-90d	Price Weighted	Government	70-91	MXN
FTSE-PiP Cetes 91d	Price Weighted	Government	84-91	MXN
FTSE-PiP Cetes 182d	Price Weighted	Government	154-184	MXN
FTSE-PiP Cetes 364d	Price Weighted	Government	308-364	MXN

- **FTSE PiP Mexico Government Repo Index Series<sup>2</sup>:** Represents a rolling daily investment in the repo market for 1 business day. Rates used are "Tasa de Fondeo Gubernamental" rate (TFG) published daily by Banco de Mexico, the "Tasa de Fondeo Gubernamental Bruto" rate (TFGB) and the "Tasa de Fondeo Gubernamental Neto" (TFGN) calculated daily by PiP.

Name	Weighting	Sector	Maturity (Days)	Currency
FTSE-PiP Fondeo G	Market Cap	Government	-	MXN
FTSE-PiP Fondeo GB	Market Cap	Government	-	MXN
FTSE-PiP Fondeo GN	Market Cap	Government	-	MXN
FTSE-PiP FondGubBANX	Market Cap	Government	-	MXN

- **FTSE PiP Mexico Government RMBS Index Series:** Eligible securities are all INFONAVIT's Certificates issued in "Unidades de Inversión" (UDIS) and only those that have more than one year of their last amortization; also are eligible Mortgage Bonds issued by Sociedad Hipotecaria Federal (SHF) at any term and any currency (pesos or "UDIS").

Name	Weighting	Sector	Maturity (Days)	Currency
FTSE-PiP Cedevis1A	Market Cap	Government	-	MXN
FTSE-PiP SHF	Market Cap	Government	-	MXN
FTSE-PiP SHF Pesos	Market Cap	Government	-	MXN
FTSE-PiP SHF UDI	Market Cap	Government	-	MXN

<sup>2</sup> As these benchmarks emulate investment on repo rate for 1 day, they will not have any constituents, and their Duration will be marked as N/A on the product file.

- FTSE PiP Mexico Government UMS (Dollars, yen, euros, etc.) Bond Index Series:**  
 Eligible securities are all Federal Government bonds issued abroad in Mexican Pesos (MXN), US Dollars (USD) and Euros (EUR), valued in pesos with PiP prices, fixed or floating coupon, and maturities ranging from less than 1 year up to more than 20 years.

<b>Name</b>	<b>Weighting</b>	<b>Sector</b>	<b>Maturity (Days)</b>	<b>Currency</b>
FTSE-PiP UMS	Market Cap	Government	-	MXN
FTSE-PiP UMS Dollar	Market Cap	Government	-	MXN
FTSE-PiP UMS Dollar1A	Market Cap	Government	1-365	MXN
FTSE-PiP UMS Dollar5A	Market Cap	Government	365-1825	MXN
FTSE-PiP UMS Dollar10A	Market Cap	Government	1825-3650	MXN
FTSE-PiP UMS Dollar20A	Market Cap	Government	3650-7300	MXN
FTSE-PiP UMS Dollar20A+	Market Cap	Government	7300+	MXN
FTSE-PiP UMS Dollar5A SP	Market Cap	Government	365-1825	MXN
FTSE-PiP UMS Euro	Market Cap	Government	-	MXN

## Section 4

# Index Rebalancing

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### 4.0 Index Rebalancing

#### 4.1 Rebalancing Period

4.1.1 All FTSE PiP Mexico Fixed Income Indexes are rebalanced on a daily basis. The cut-off time for the selection of the index constituents is 15:00 Mexico Central Time.

#### 4.2 Additions to Constituents

4.2.1 A new issue enters the index on the day it is issued. The bond is included in the calculation of index risk statistics such as duration on the day of issue, though it does not affect the return on the index until the following business day. The cut-off time for inclusion on the day of issue is 15:00 Mexico Central Time.

#### 4.3 Removal of Constituents

4.3.1 The bonds are removed from the indexes at the end of day, if they no longer meet the eligibility criteria of the index:

- Rating downgrade where it is no longer eligible to be part of the index.
- If an issuer fails to pay a coupon on the coupon date (i.e. in the event of default).

#### 4.4 Alterations to Constituents

4.4.1 All changes to constituents, including the following events are implemented on their effective date:

- Unscheduled redemptions or repurchases, including puts or calls.
- Coupons which step up or down, for example rating driven bonds.

## Section 5

# Index Calculation

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### 5.0 Index Calculation

#### 5.1 Pricing Methodology

- 5.1.1 For all FTSE PiP Mexico Fixed Income Indexes prices are provided by the PiP Mexico pricing service.
- 5.1.2 The pricing service utilizes information derived from electronic and OTC market transactions, filtering out trades that do not represent realistic institutional lot size transactions. Zero coupon curves are constructed, to provide a reference for instruments that do not trade often.
- 5.1.3 In the case of government bonds, which are more actively traded, the prices are sourced directly from the market, which is filtered by the trading platform, settlement date, type of transaction (liquidity oriented transactions and taken out of the sample) and amount traded of the actual transactions.
- 5.1.4 For corporate bonds, transactions are filtered twice to determine which of them are suitable to determine valuation prices. At first, the same filters described for government bonds, with variations on the amount traded are applied to determine actual market transactions. These are then passed through the secondary filters described below in order to determine which of those transactions are eligible to build the zero-coupon reference curve for each reference rate:
- **Credit rating:** only instruments, or instruments from issuers for those that do not have an individual credit rating, with a mxA local rating or the equivalent, will be used as an input for the curve.
  - **Issuer liquidity:** only instruments from issuers that have been traded regularly during the last year can be used.
  - **Volatility:** volatility is measured as the spread to the reference curve of the previous day. Instruments deviating significantly from the recent historical behavior of their peers are taken out of the sample for the curve, but the actual transactions are still used to update their price for the day referenced to it.
- 5.1.5 Once reference curves for each group of instruments are calculated, any new information from the market transactions is used to update their valuation prices for the day. Since only a small number of bonds trade regularly if at all, the aim of this step is to use the information available in a way that market transactions give information to also infer a price for those that do not do it. This process is carried out through four different mechanisms:

- **Direct Price Assignment:** used for instruments with actual market transactions that have passed both steps of filtering.
- **Indirect Price Assignment:** for instruments with market transactions that passed through the first step of filtering but were not suitable for the reference curve. The resulting price for the day varies depending on the actual transactions average price, the last valuation price and the relevance of the amount traded relative to the average daily historical amount. A volume for the day compared to its historical one, will force the valuation price closer to market transactions.
- **Weighted Spreads:** used for those instruments with no recent, if any, market transactions. The updated spreads to the reference curve from of similar instruments of the same issuer, reference rate, credit rating and currency are used to determine the spread of the instrument, in order to obtain a price that conceals the most recent information of market events for their peers.
- **Credit Risk Spreads:** instruments of extremely illiquid issuers are valued using a spread constructed with the information of the other instruments with the same reference rate and credit rating. Spreads calculated using any of the previous procedures are employed for credit ratings with large samples. For lower credit ratings, the probability of default inferred is employed to calculate a spread which is coherent with the ones assigned to the previous ratings. In case of downgrades or upgrades in rating, these spreads are adjusted based on its rating and the number of notches it moved.

5.1.6 Where no recent trades have taken place or no reliable market quotations are available for particular bonds, prices may be computed by reference to the terms on which securities of comparable coupon, issuer, maturity and rating are currently trading in the same markets.

5.1.7 Price methodologies developed by PiP are designed to take the most information out of market transactions, so that all bonds are always being updated, according to the most recent set of events.

5.1.8 For more information, please see the PiP Pricing Methodology guide.

## 5.2 Calculation Schedule

5.2.1 All FTSE PiP Mexico Fixed Income Indexes are calculated and disseminated at 18:45 Mexico Central Time on each business day. A business day is by definition when the banks in Mexico are open for business.

5.2.2 On non-working business days (such as weekends or holidays) no product files will be produced. All data points will remain stale for this date until the next available data point is available.

### 5.3 Bond and Index Level Calculations

5.3.1 The Total return will be available for each index. Additionally, the following metrics will be calculated at the index or at individual constituent level.

- Clean Price
- Dirty Price
- Coupon
- Annual Yield
- Yield to Maturity
- Maturity Date
- Macaulay Duration
- Modified Duration
- Notional/Market Value
- Accrued Interest
- The number of bonds in each index

5.3.2 For further details on the index and bond level calculations, please see the Guide to Calculation Methods of the FTSE Fixed Income Indexes, which is available on the FTSE Russell website.

### 5.4 Index Weighting

5.4.1 In the market value weighted indexes, the weight of each bond in the index will be dependent on the notional amount outstanding, its price and any accrued interest, according to the following formula:

$$W_i = \frac{(Cp_i[t_0] + AI_i[t_0] + P_i[t_0]) \times N_i[t_0]}{\sum_j (Cp_j[t_0] + AI_j[t_0]) \times N_j[t_0]}$$

Where

$Cp_i[t_0]$  is the quoted clean price of selected bond  $i$  at  $t_0$ .

$AI_i[t_0]$  is the accrued interest.

$N_i[t_0]$  is the nominal amount of selected bond  $i$  outstanding on day  $t_0$  and the summation (using the index  $j$ ) is over all selected bonds for that index.

$P_i[t_0]$  is the sum of coupons and amortizations of selected bond  $i$  effective at  $t_0$ .

### 5.5 Index Start Date and History

5.5.1 The base date of the Indexes is 30 September 2014. The simulated index and constituent level history is available from January 2009.



## Section 6

# Recalculation

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### 6.0 Recalculation

#### 6.1 Recalculation statements

- 6.1.1 The FTSE PiP Mexico Fixed Income Index Series is recalculated whenever errors or distortions occur that are deemed to be significant. Users of the FTSE PiP Mexico Fixed Income Index Series are notified through appropriate media.
- 6.1.2 FTSE Russell and PiP make every effort to maintain its indexes to high standards. Nevertheless, inaccuracies may arise in the index and constituent data from time to time and investors, index constituents, licensees or other market participants should be aware of this. Such inaccuracies may arise as a result of a range of events, including the complexity of certain corporate events, late announced or missed coupons, pricing errors, external disruptions or market distortions, incorrect, incomplete or late data input whether occurring internally or externally to FTSE PiP, and incorrect application of index criteria, sectors or constituent make-up.
- 6.1.3 If an error is discovered prior to client delivery, the index will be recalculated and clients will be notified of the delay in file deliverables, regardless of magnitude. All changes regarding errors are clearly communicated as to size of error and products impacted.
- 6.1.4 Where an inaccuracy is identified, FTSE PiP will follow the steps set out in the guidelines below when determining whether an index or index series should be recalculated and/or associated data products reissued as a result of an inaccuracy. Because of the complexity of governmental or corporate events and the unpredictable nature of the issues that could arise, these guidelines should not be construed as definitive rules that determine the steps FTSE PiP will take whenever an inaccuracy is identified. In addressing inaccuracies, FTSE PiP reserves the right to consult market participants in complex cases as to the appropriate course of action, including the decisions on whether to recalculate indices and/or reissue its associated data products.
- 6.1.5 FTSE Russell does not accept any responsibility to investors, index constituents, licensees or other market participants for the accuracy of the index or its constituent data and accepts no liability for any losses, damages, claims or expenses suffered by any person as a result of any errors or inaccuracies in the compilation or calculation of the index or any constituent data, whether arising as a result of negligence or otherwise.

## 6.2 Recalculation Guidelines

6.2.1 The guidelines followed by FTSE PiP when determining whether an index or index series should be recalculated and/or associated data products reissued are set out below.

Event Type	Event Capture Date (actions such as incorrect terms, subscription price, currency, ex-date, or completely omitted)	Notes	Index Recalc
Incorrect Close Price	Individual bond	Reissue if index error > 3 bps or Nominal Price of Bond is different (i.e. 100 instead of 1000)	Y
Index Constituent Change	Incorrect or ineligible Bond added to the index	Remove (& replace where necessary) T+2	N
	New addition added with incorrect weight	Weigh revised at the next monthly review or earlier where in accordance with FTSE PiP Mexico Fixed Income Index Series rules	N
Index Calculation Issue	Index did not calculate on a business day which was not a market holiday	Recalculation	Y

## Appendix A: Mexico Bond Calculation Specifics

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### Appendix A: Mexico Bond Calculation Specifics

While most Bonds issued in Mexico are calculated using the methodology described in the document Guide to Calculation Methods for the Fixed Income Indexes, there are some which their methodology is particular to the Country, this chapter describes the specifics of them.

#### UDIBONOS

They are investment instruments that protect the holder from unexpected changes in the inflation rate. UDIBONOS are sold at long terms and pay interest every six months based on a real fixed interest rate which is determined on the issue date of each security.

UDIBONOS have a Face Value of 100 UDIS<sup>3</sup> and can be issued for any term as long it is a multiple of 182 days.

The interest rate of the securities is fixed by the Federal Government upon issuance and is specified in the auction announcement. This interest is paid in pesos every six months (182 days) converted at the value of the UDI on the day that the corresponding payment is made.

Interest payment is calculated given the days elapsed between payment dates on the basis of a 360-day year, and paid at the end of each of these payment periods:

$$I_j = VN * \frac{N_j * TC}{360}$$

The general formula for valuing UDIBONOS is the following:

$$P = \left( \frac{C + C * \left[ \frac{1}{R} - \frac{1}{R * (1 + R)^{K-1}} \right] + \frac{VN}{(1 + R)^{K-1}}}{[1 + R]^{(1 - \frac{d}{182})}} \right) - C * \frac{d}{182}$$

Where:

$I_j$  = Interest to be paid at the end of period J

$TC$  = Annual coupon interest rate

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<sup>3</sup> UDI is a Price-level-adjusting unit of account of real constant value. It is calculated every day and is calculated based on the information from the previous two weeks by Banco de México.

$VN$  = Face Value of the security in investment units (UDIS)

$N_j$  = Term in days of coupon J

$C$  = Interest paid ( $I_j$ ) assuming a Term in Days of 182 days

$$R = r * \frac{182}{360}$$

$r$  = Annual yield to maturity

## BPA

They are investment instruments issued by the Institute for the Protection of Bank Savings that pay interest on a monthly basis at an additional benchmark interest rate.

BPA have a Face Value of \$100 MXN and can be issued for any term as long it is a multiple of 28 days.

For each interest rate period, the annual interest rate paid in percentage points rounded to two decimal points will be the greater of: one-month CETES yield and the Government Weighted Benchmark Rate (TPFG). Each interest rate period will be defined as the same as those of the CETES with one-month maturities at the beginning of each period.

$$TI = \max(CETE, TPG)$$

Interest payment is calculated given the days elapsed between payment dates on the basis of a 360-day year, and paid at the end of each of these payment periods:

$$I_j = VN * \frac{N_j * TI_j}{360}$$

The general formula for valuing UDIBONOS is the following:

$$P = \left( \frac{C_1 + C * \left[ \frac{1}{R} - \frac{1}{R * (1 + R)^{K-1}} \right] + \frac{VN}{(1 + R)^{K-1}}}{[1 + R]^{(1 - \frac{d}{28})}} \right) - C_1 * \frac{d}{28}$$

Where:

$TI$  = Annual interest rate expressed in percentage points of the respective interest rate period (j).

$CETE$  = Annual yield expressed in percentage points equivalent to the discount rate on one-month CETES placed in the primary market at the start date for each interest period. Cetes are zero-coupon bonds which are issued by the Federal government at a face value of \$10 MXN, and any term for maturity as long as they mature on a Thursday. These can be priced just as any other zero coupon bond.

$TPFG$  = Simple Government Weighted Benchmark Rate in annual terms with rounding to two decimal points.

$P$  = Clean price

$K$  = Number of coupons to be settled

$d$  = Number of days elapsed in the current coupon

$I_j$  = Interest to be paid at the end of period J

$TC$  = Annual coupon interest rate

$VN$  = Face Value of the security in MXN

$N_j$  = Term in days of Interest rate period J

$C$  = Interest paid ( $I_j$ ) assuming a term in days of the interest rate of 28 days.

$$R = (TI + s) * \frac{28}{360}$$

$s$  = "Spread" associated with the instrument.

## Bondes

They are investment instruments issued by the Federal Government that pay interest on a monthly basis at an floating interest rate.

Bondes have a Face Value of \$100 MXN and can be issued for any term as long it is a multiple of 28 days.

Each interest rate period will be of 28 days, for which the relevant interest rate can be obtained with the following formula:

$$TC_j = \left[ \prod_{i=1}^{N_j} \left( 1 + \frac{r_i}{36000} \right) - 1 \right] * \frac{36000}{N_j}$$

Interest payment is calculated given the days elapsed between payment dates on the basis of a 360-day year, and paid at the end of each of these payment periods:

$$I_j = VN * \frac{N_j * TC_j}{36000}$$

The general formula for valuing Bondes is the following:

$$P = \left( \frac{C_1 + C * \left[ \frac{1}{R} - \frac{1}{R * (1 + R)^{K-1}} \right] + \frac{VN}{(1 + R)^{K-1}}}{[1 + R]^{(1 - \frac{d}{28})}} \right) - C_1 * \frac{d}{28}$$

Where:

$TC_j$  = Annual interest rate of coupon J expressed in percentage points rounded up to two decimal points.

$N_j$  = Term in days of Interest rate period J

$r_i$  = Annual interest rate of the "Weighted Average Inter-Bank Funding rate"

$P$  = Clean price

$K$  = Number of coupons to be settled

$d$  = Number of days elapsed in the current coupon

$I_j$  = Interest to be paid at the end of period J

$VN$  = Face Value of the security in MXN

$C$  = Interest paid ( $I_j$ ) assuming a term in days of the interest rate of 28 days.

$$R = \left[ \left( 1 + \frac{r + s}{36000} \right)^{28} - 1 \right]$$

$s$  = "Spread" associated with the instrument.

## Appendix B: Index Sectors

### Appendix B: Index Sectors

#### Index Sectors

The index sector scheme for the purposes of bond classification and sub-index assignment is as follows.

Level 1	Level 2	ICB Industry	ICB SuperSector
Overall	Corporate	(8000) Financials	(8300) Banks (8500) Insurance (8600) Real Estate (8700) Financial Services
		(1) Oil & Gas	(500) Oil & Gas
		(1000) Basic Material	(1300) Chemicals (1700) Basic Resources
		(2000) Industrials	(2300) Construction & Materials (2700) Industrial Goods & Services
		(3000) Consumer Goods	(3300) Automobiles & Parts (3500) Food & Beverage (3700) Personal & Household Goods
		(4000) Health Care	(4500) Health Care
		(5000) Consumer Services	(5300) Retail (5500) Media (5700) Travel & Leisure
		(6000) Telecommunications	(6500) Telecommunications
		(7000) Utilities	(7500) Utilities
		(9000) Technology	(9500) Technology
		Government	Domestic

# Appendix C: Index Details

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## Appendix C: Index Details

### Banking Sector

- **FTSE PiP Mexico Bank Index Series:** Consists on banks domiciled in Mexico that issue eligible securities. The types of instruments are Promissory Notes payable at maturity and Bank Acceptances. The full portfolio is invested on securities with the "Bank Funding Rate" (TFB) posted daily by Banco of Mexico (BANXICO).
  - **FTSE-PiP Bank:** Consists on banks domiciled in Mexico that issue eligible securities. The types of instruments are Promissory Notes payable at maturity and Bank Acceptances.
  - **FTSE-PiP Bank12M:** Eligible securities are issued by banks domiciled in Mexico with Time to Maturity until 364 days.
  - **FTSE-PiP Bank12M+:** Eligible securities are issued by banks domiciled in Mexico with date/term to maturity of greater than or equal to 365 days.
  - **FTSE-PiP Fondeo B:** The full portfolio is invested on securities with the "Bank Funding Rate" (TFB) posted daily by Banco of Mexico (BANXICO).

### Corporate Sector

- **FTSE PiP Mexico Corporate Fixed Rate Bond Index Series:** Eligible securities are corporate bonds with fixed rate coupon, Amount Outstanding of 200 million pesos for medium and short term instruments (<1 year), and Amount Outstanding of 500 million pesos for longer term instruments and a rating equal to or greater than "A" by S&P or equivalent.
  - **FTSE-PIP CORP FIX<=3:** Eligible securities are corporate bonds with fixed rate coupon, maturing between 0 and 3 years, Amount Outstanding of 200 million pesos for medium and short term instruments (<1 year), and Amount Outstanding of 500 million pesos for longer term instruments.
  - **FTSE-PIP CORP FIX3- 7:** Eligible securities are corporate bonds with fixed rate coupon, maturing between 3 and 7 years, Amounts Outstanding of 500 million pesos, rating equal to or greater than "A" by S&P or equivalent.
  - **FTSE-PIP CORP FIX7+:** Eligible securities are corporate bonds with fixed rate coupon, maturity of more than 7 years, with Amount Outstanding of 500 million pesos, rating equal to or greater than "A" by S&P or equivalent.

- **FTSE PiP Mexico Corporate Floating Rate Bond Index Series:** Eligible securities are corporate bonds with floating rate coupon, Amount Outstanding of 200 million pesos for instruments medium and short term (<1 year), and Amount Outstanding of 500 million pesos for longer term instruments, rating equal to or greater than "A" by S&P or equivalent.
  - **FTSE-PiP CORP FL<=5:** Eligible securities are corporate bonds with floating rate coupon, with Time to Maturity between 0 and 5 years, Amount Outstanding of 200 million pesos for instruments medium and short term (<1 year), and Amount Outstanding of 500 million pesos for longer term instruments, rating equal to or greater than "A" by S&P or equivalent.
  - **FTSE-PiP CORP FL5+:** Eligible securities are corporate bonds with floating rate coupon, with Time to Maturity greater than 5 years, with Amount Outstanding of 500 million pesos, rating equal to or greater than "A" by S&P or equivalent.
- **FTSE PiP Mexico Corporate Eurobond Index**
  - **FTSE-PiP Eurobonos:** Eligible securities are securities issued by Banks domiciled in Mexico, Mexican Banks for Development, and bonds issued by Mexican corporations in a currency other than Mexican Pesos with a term to maturity of 1 year or more.
- **FTSE PiP Mexico Corporate CP and MTN Index Series:** Eligible securities are Commercial Paper rated at or above "A" by Standard and Poor's (S&P) or equivalent, Amount Outstanding of more than 200 million pesos; also include Medium Term Notes and Private Stock Certificates rated at or above "A" by S&P, with an Amount Issued of more than 200 million pesos for shorter term notes (maturity less or equal to 1 year), and an Amount Issued of more than 400 million pesos for longer term maturities (more than 1 year).
  - **FTSE-PiP MCorp:** Eligible securities are Commercial Paper rated at or above "A" by Standard and Poor's (S&P) or equivalent, Amount Outstanding of more than 200 million pesos, and Time to Maturity less than or equal to 1 year; also include Medium Term Notes and Private Stock Certificates rated at or above "A" by S&P, with an Amount Issued of more than 400 million pesos and maturity longer than 1 year.
  - **FTSE- PiP MCorp12M+:** Eligible securities are Commercial Paper rated at or above "A" by Standard and Poor's (S&P) or equivalent, with an Amount Issued of more than 400 million pesos and date to maturity greater than 1 year.
  - **FTSE-PiP MCorp12M:** This index invests resources in Medium Term Notes and Private Stock Certificates rated at or above "A" by S&P or equivalent, with an Amount Issued of more than 200 million pesos and maturity less than or equal to 1 year.

## Government Sector

- **FTSE PiP Mexico Overall Government Bond Index**
  - **FTSE-PiP Guber:** Eligible securities include all debt instruments locally issued by the Mexican government; it provides the total daily circulation of all existing instruments, valued at market prices by PiP: Cetes, Bonds M, Udibono, BONDESD, BPAS, BPAT, BPA182, Bpag28, Bpag91, and Bpag182.
- **FTSE PiP Mexico Government Fixed Rate Bond Index Series:** Eligible securities are all current issues of the Federal Government at fixed nominal rate and Federal Government Development Bonds with semiannual payment and fixed coupon rate, instrument types include CETES, Bonds M and



Development Bonds (taxable and not taxable), maturities range from less than 1 month up to more than 30 years.

- **FTSE-PIP Bonos:** Eligible securities are all issued Federal Government Development Bonds with semiannual payment and fixed coupon rate (Bonds).
  - **FTSE-PiP Bonos CI:** Eligible securities are all taxable issued Federal Government Development Bonds with semiannual payment and fixed coupon rate (Bonds).
  - **FTSE-PiP Fix:** Eligible securities are all current issues of the Federal Government at fixed nominal rate, includes CETES and Bonds M.
  - **FTSE-PIP Fix1M:** Eligible securities are all current issues of the Federal Government at fixed nominal rate (Cetes and Bonds M), with a term to maturity of less than 1 month.
  - **FTSE-PiP Fix3M:** Eligible securities are all current issues of the Federal Government at fixed nominal rate (Cetes and Bonds M), with term to maturity between 1 and 3 months.
  - **FTSE-PIP Fix6M:** Eligible securities are all current issues of the Federal Government at fixed nominal rate (Cetes and Bonds M) with term to maturity between 3 and 6 months.
  - **FTSE-PIP Fix12M+:** Eligible securities are all current issues of the Federal Government at fixed nominal rate (Cetes and Bonds M) with term to maturity greater than 1 year.
  - **FTSE-PiP Fix1A:** Eligible securities are all current issues of the Federal Government at fixed nominal rate (Cetes and Bonds M) with term to maturity between 6 months and 1 year.
  - **FTSE-PIP Fix3A:** Eligible securities are all current issues of the Federal Government at fixed nominal rate (Cetes and Bonds M) with term to maturity between 1 and 3 years.
  - **FTSE-PIP Fix5A:** Eligible securities are all current issues of the Federal Government at fixed nominal rate (Cetes and Bonds M) with term to maturity between 3 and 5 years.
  - **FTSE-PiP Fix10A:** Eligible securities are all current issues of the Federal Government at fixed nominal rate (Cetes and Bonds M) with term to maturity between 5 and 10 years.
  - **FTSE-PIP Fix20A:** Eligible securities are all current issues of the Federal Government at fixed nominal rate (Cetes and Bonds M) with term to maturity between 10 and 20 years.
  - **FTSE-PIP Fix30A:** Eligible securities are all current issues of the Federal Government at fixed nominal rate (Cetes and Bonds M) with a term to maturity greater than 30 years.
- 
- **FTSE PiP Mexico IPAB Bond Index Series:** Eligible securities are all “Protección al Ahorro Bancario” Bonds in circulation (BPAS, BPAG 28, BPAG 91 and BPAG182), “Protección al Ahorro Bancario” Bonds in circulation with quarterly coupon payments (Bpat) and “Protección al Ahorro Bancario” Bonds in circulation with semi-annual coupon payment (BPA182).
    - **FTSE-PIP BPAS:** Eligible securities are all “Protección al Ahorro Bancario” Bonds in circulation (BPAS).
    - **FTSE-PIP BPAT:** Eligible securities are all “Protección al Ahorro Bancario” Bonds in circulation with quarterly coupon payments (Bpat).
    - **FTSE-PiP BPA182:** Eligible securities are all “Protección al Ahorro Bancario” Bonds in circulation with semi-annual coupon payment (BPA182).
    - **FTSE-PIP BPAG28:** Eligible securities are all “Protección al Ahorro Bancario” Bonds in circulation (BPAG 28) in circulation.

- **FTSE-PiP BPAG91:** Eligible securities are “Protección al Ahorro Bancario” Bonds (BPAG 91) in circulation.
- **FTSE-PiP IPAB:** Eligible securities are all of those issued by the “Instituto de Protección al Ahorro Bancario (IPAB)” in circulation (BPAS, BPAT, BPA182, BPAG28, BPAG91, BPAG182).
- **FTSE PiP Mexico Monetary Policy Bond Index Series:** Eligible securities are all Federal Government Development Bonds (BONDESD) and all Monetary Regulation Bonds issued by Banco de México (BREMS) in circulation.
  - **FTSE-PiP BondesD:** Eligible securities are all Federal Government Development Bonds (BONDESD) in circulation.
  - **FTSE-PiP Brems:** Eligible securities are all Monetary Regulation Bonds issued by Banco de México (BREMS)
- **FTSE PiP Mexico Government Real Rate Bond Index Series:** Includes the entire Certificate Securities Compensation Road with endorsement of the Federal Government (CBIC's) in circulation, all of the Notes Compensation Road with endorsement of the Federal Government (Pics) outstanding, all real rate instruments backed by the Federal Government (Udibono), maturities range from less than 1 year up to 30 years.
  - **FTSE-PiP CBIC:** Includes the entire Certificate Securities Compensation Road with endorsement of the Federal Government (CBIC's) in circulation.
  - **FTSE-PiP CBIC CI:** Includes all taxable the Certificate Securities Compensation Road with endorsement of the Federal Government (CBIC's) in circulation.
  - **FTSE-PiP Pic:** Eligible securities are all of the Notes Compensation Road with endorsement of the Federal Government (Pics) outstanding.
  - **FTSE-PiP Real:** Eligible securities are all real rate instruments backed by the Federal Government (Udibono, PIC's and CBIC's). The proportion of investment will be identical to the titles in circulation for these instruments in the market.
  - **FTSE-PiP Real1A:** Eligible securities are real rate instruments backed by the Federal Government (Udibono, PIC's and CBIC's) with a term to maturity until 1 year.
  - **FTSE-PiP Real3A:** Eligible securities are real rate instruments (Udibono, PIC's and CBIC's) with a term to maturity between 1 and 3 years.
  - **FTSE-PiP Real5A:** Eligible securities are real rate instruments backed by the Federal Government (Udibono, PIC's and CBIC's) with a term to maturity between 3 and 5 years.
  - **FTSE-PiP Real10A:** Eligible securities are real rate instruments backed by the Federal Government (Udibono, PIC's and CBIC's) with a term to maturity between 5 and 10 years.
  - **FTSE-PiP Real20A:** Eligible securities are real rate instruments backed by the Federal Government (Udibono, PIC's and CBIC's) with a term to maturity between 10 and 20 years.
  - **FTSE-PiP Real30A:** Eligible securities are real rate instruments backed by the Federal Government (Udibono, PIC's and CBIC's) with a term to maturity between 20 and 30 years.
  - **FTSE-PiP Real CI:** Eligible securities are all taxable real rate instruments backed by the Federal Government (Udibono, PIC's and CBIC's). The proportion of investment will be identical to the titles in circulation for these instruments in the market.

- **FTSE-PiP Real 20A CI:** Eligible securities are all taxable real rate instruments backed by the Federal Government (Udibono, PIC's and CBIC's) with a term to maturity between 10 and 20 years.
- **FTSE-PiP Real 30A CI:** Eligible securities are all taxable real rate instruments backed by the Federal Government (Udibono, PIC's and CBIC's) with a term to maturity between 20 and 30 years.
- **FTSE-PiP Udibonos:** Eligible securities are all Inflation Protected Federal Government Bonds (Udibono) in circulation.
- **FTSE-PiP Udibonos CI:** Eligible securities are all taxable Inflation Protected Federal Government Bonds (Udibono) in circulation.
- **FTSE-PiP Udibonos Dur 5-6 A:** Eligible securities are all taxable Inflation Protected Federal Government Bonds (Udibono) in circulation, with a duration between 5 and 6 years.
- **FTSE PiP Mexico Government Floating Rate Bonds Index Series:** Eligible securities are all which are issued by the Federal Government and IPAB with floating rate coupon (BONDESD, Bond182, BPAS, BPAT, BPA182 and BREMS). Eligible securities are all which are issued by the Federal Government and IPAB with floating rate coupon (BONDESD, Bond182, BPAS, BPAT, BPA182 and BREMS)
  - **FTSE-PiP Float:** Eligible securities are all which are issued by the Federal Government with floating rate coupon (BONDESD, Bond182 and BREMS).
  - **FTSE-PiP Float12M:** Eligible securities are all which are issued by the Federal Government with floating rate coupon (BONDESD, Bond182 and BREMS) with term to maturity of less than 1 year.
  - **FTSE-PiP Float12M+:** Eligible securities are all which are issued by the Federal Government with floating rate coupon (BONDESD, Bond182 and BREMS) with term to maturity of more than 1 year.
  - **FTSE-PiP Float2:** Eligible securities are all which are issued by the Federal Government and IPAB with floating coupon rate, excluding BREMS (Bond182, BPAS, BPAT and BPA182).
- **FTSE PiP Mexico Cetes Index Series:** Eligible securities are all Mexican Treasury Bills (Certificados de la Tesoreria, Cetes) in circulation. Maturities range from 1 day up to 364 days.
  - **FTSE-PiP Cetes:** Eligible securities are all Mexican Treasury Bills (Certificados de la Tesoreria, Cetes) in circulation.
  - **FTSE-PiP Cetes 7d:** This index invests in a single seven days-CETE title (six or eight in case of non-working days). Also invest in all those instruments with term to maturity between 1 and 7 days with PiP prices.
  - **FTSE-PiP Cetes 28d:** The liquidation day of the Banco de Mexico primary auction, all of the resources invested in a 28 days CETE title (27 or 29 when there are non-working days). Also invest in all those instruments with term to maturity between 20 to 28 days. In the next Banco de Mexico primary auction, the position is sold and the new 28 days-CETE's issue is purchased.
  - **FTSE-PiP Cetes 70-90d:** This index is composed for a title of each CETE's issue that has date to maturity between 70 and 91 from the initial date.
  - **FTSE-PiP Cetes 91d:** The liquidation day of the Banco de Mexico primary auction, all of the resources invested in a 91 days-CETE title (90 or 92 when here are non-working days). Also invest in all those instruments with term to maturity between 84 to 91 days.
  - **FTSE-PiP Cetes 182d:** This index is composed for a title of each CETE's issue that has date to maturity between 154 and 184 from the initial date.

- **FTSE-PiP Cetes 364d:** This index is composed for a title of each CETE's issue that has date to maturity between 308 and 364 from the initial date.
- **FTSE PiP Mexico Government Repo Index Series:** Emulates investment of 100% of the resources of one portfolio in repo rate for a 1 business day in government securities. Rates used are "Tasa de Fondeo Gubernamental" rate (TFG) published daily by Banco de Mexico, the "Tasa de Fondeo Gubernamental Bruto" rate (TFGB) and the "Tasa de Fondeo Gubernamental Neto" (TFGN) calculated daily by PiP.
  - **FTSE-PiP Fondeo G:** Emulates investment of 100% of the resources of one portfolio in repo rate for a 1-business day in government securities. To calculate 24 hrs liquidation, the resources are invested at a rate repo's curve reported without taxes calculated by PiP with node of the next business day; for the Same Day calculation the rate published by BANXICO the previous day is used.
  - **FTSE-PiP Fondeo GB:** Emulates investment of 100% of the resources of one portfolio in repo rate for a 1 business day in government securities. The resources are invested to "Tasa de Fondeo Gubernamental Bruto" rate (TFGB) calculated daily by PiP.
  - **FTSE-PiP Fondeo GN:** Emulates investment of 100% of the resources of one portfolio in repo rate for a 1 business day in government securities. The resources are invested to the "Tasa de Fondeo Gubernamental Neto" (TFGN) estimating daily PiP.
  - **FTSE-PiP FondGubBANX:** Emulates investment of 100% of the resources of one portfolio in repo rate for a 1 business day in government securities. The resources are invested to "Tasa de Fondeo Gubernamental" rate (TFG) published daily by Banco de Mexico.
- **FTSE PiP Mexico Government RMBS Index Series:** Eligible securities are all INFONAVIT's Certificates issued in "Unidades de Inversion" (UDIS) and only those that have more than one year of their last amortization; also are eligible Mortgage Bonds issued by Sociedad Hipotecaria Federal (SHF) at any term and any currency (pesos or "UDIS").
  - **FTSE-PiP Cedevis1A:** Eligible securities are all INFONAVIT's Certificates issued in "Unidades de Inversion" (UDIS) and only those that have more than one year of their last amortization.
  - **FTSE-PiP SHF:** Eligible securities are Mortgage Bonds issued by Sociedad Hipotecaria Federal (SHF) at any term and any currency (pesos or "UDIS").
  - **FTSE-PiP SHF Pesos:** Eligible securities are Mortgage Bonds issued by Sociedad Hipotecaria Federal (SHF) at any term and denominated in pesos.
  - **FTSE-PiP SHF UDI:** Eligible securities are Mortgage Bonds issued by Sociedad Hipotecaria Federal (SHF) at any term and denominated in "UDIS".
- **FTSE PiP Mexico Government UMS (Dollars, yen, euros, etc.) Bond Index Series:** Eligible securities are all Federal Government bonds issued abroad in Mexican Pesos (MXN), US Dollars (USD) and Euros (EUR), valued in pesos with PiP prices, fixed or floating coupon, and maturities ranging from less than 1 year up to more than 20 years.
  - **FTSE-PiP UMS:** Eligible securities are all Federal Government bonds issued abroad in different currencies, valued in pesos with PiP prices.
  - **FTSE-PiP UMS Dollar:** Eligible securities are the UMS bonds issued in U.S. dollars (USD) at any term and any rate type.
  - **FTSE-PiP UMS Dollar1A:** Eligible securities are the UMS bonds issued in U.S. dollars (USD) dollars, with fixed coupon rate and term to maturity less than 1 year; or floating rate and any term.

- **FTSE-PiP UMS Dollar5A:** Eligible securities are the UMS bonds issued in U.S. dollars (USD), with fixed coupon rate and term to maturity between 1 and 5 years.
- **FTSE-PiP UMS Dollar10A:** Eligible securities are the UMS bonds issued in U.S. dollars (USD), with fixed coupon rate and term to maturity between 5 and 10 years.
- **FTSE-PiP UMS Dollar20A:** Eligible securities are the UMS bonds issued in U.S. dollars (USD), with fixed coupon rate and term to maturity between 10 and 20 years.
- **FTSE-PiP UMS Dollar20A+:** Eligible securities are the UMS bonds issued in U.S. dollars (USD), with fixed coupon rate and term to maturity of more than 20 years.
- **FTSE-PiP UMS Dollar5A SP:** Eligible securities are the UMS bonds issued in U.S. dollars (USD), with fixed coupon rate and term to maturity between 1 and 5 years, with spot exchange rate.
- **FTSE-PiP UMS Euro:** Eligible securities are the UMS bonds issued in Euros with any term, and any rate type.

## Appendix D: Further Information

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A Glossary of Terms used in FTSE Russell's Ground Rule documents can be found using the following link:

<http://www.ftse.com/products/downloads/Glossary.pdf>

Further information on the FTSE PiP Mexico Fixed Income Index Series is available from FTSE Russell.

For contact details please visit the FTSE Russell or PiP website or contact FTSE Russell client services at [info@ftserussell.com](mailto:info@ftserussell.com) or PiP Benchmark Team at [benchmarks@piplatam.com](mailto:benchmarks@piplatam.com)

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