

**Monex Casa de Bolsa, S.A. de C.V., Monex Grupo Financiero**

**Code of Ethics**

**PURPOSE**

In order to elevate the quality and competitiveness of the Mexican stock market, it is necessary to supplement the current regulatory framework with an integral self-regulating scheme through which to regulate, monitor and penalize the conduct of its participants.

In this context, the Code of Ethics has the purpose of being the basis of operations for every professional participating in this market, promoting high standards of ethical and professional conduct in order to preserve the integrity of the stock market and protect the interests of the investor public.

For such purpose, fundamental principles are set, to which all people who engage regularly and professionally in activities related with the stock market must adhere, including those who, by virtue of their functions, may influence the public's opinion in issues related to the stock market (hereinafter, the "Professionals").

Although the fundamental principles of operations have the purpose of orienting the conduct of the Professionals, the Mexican Stock Exchange (Bolsa Mexicana de Valores), the Mexican Derivatives Market (MexDer), the S.D. Indeval, Asigna Compensación y Liquidación, the Mexican Association of Securities Intermediaries and other institutions that support the stock market that abide by this code (hereinafter, the "Self-regulating Entities") must issue norms and standards that regulate the conduct that is demanded by such principles, so that through this mechanism, the Professionals are able to loyally comply with the market's sound practices.

Furthermore, in order for the self-regulating scheme to be effective, the Self-regulating Entities must provide supervision strategies and systems, as well as a disciplinary body empowered to penalize conducts that infringe the issued norms, being the Board of Directors of such entities the ultimate authority in every disciplinary process. Notwithstanding the above, when there is substantiated indication that the breaching conduct may lead to constitute a crime, the Self-regulating Entity that is privy to such activity, must inform the proper authorities.

## **I. GENERAL ETHICAL PRINCIPLES**

The Professionals, in the implementation of their activities, have the duty to conduct themselves with honesty, integrity, diligence, neutrality, probity and good faith at all times. Likewise, they must generate conditions that encourage other Professionals to also conduct themselves in a professional manner that increases the stock market's credibility.

### **FUNDAMENTAL PRINCIPLES OF OPERATION IN THE STOCK MARKET**

#### **1. ACT ACCORDING TO APPLICABLE PROVISIONS AND SOUND MARKET PRACTICES**

The conduct followed by the Professionals must adhere to the laws, regulations and general provisions issued by the proper authorities, as well as to norms issued by the Self-regulating Entities, thus they are required to have extended knowledge of stock market regulations.

In accordance with this principle, the Professionals must:

- a) Abstain from executing instructions that go against current regulations or sound market practices and, in view of such event, inform their supervisors;
- b) Supervise that their collaborators perform their activities pursuant to the legal regime in force and sound market practices;
- c) Promote a conduct of honesty with other Professionals by setting the example;
- d) Not be accommodating or consequent with the improper conduct of others, and
- e) Inform and, if possible, provide evidence of known infringement to the proper authorities and to the Self-regulating Entities.

In order to assist in the compliance of this principle, the managing agencies of the Legal Entities that participate in the stock market, must establish appropriate procedures and means of control in order to ensure that the Professionals associated with them are complying with regulations applicable to the different activities in which they participate.

## 2. ACT BASED ON A PROFESSIONAL INTEGRAL CONDUCT THAT ALLOWS THE TRANSPARENT AND ORDERLY DEVELOPMENT OF THE MARKET

It is the responsibility of the Professionals to act with personal integrity, as their conduct not only affects their own reputation as well as the legal corporation to which they are associated, it also reflects on the stock market as a whole.

In order to allow the transparent and orderly development of the stock market, the Professionals must not participate in activities that:

- a) Create false conditions of supply or demand that influence the prices or rates;
- b) Alter the prices or rates through deception or rumor;
- c) Do not derive from the free contact of supply and demand, and that;
- d) Alter or halt, without justification, the regulations of stock market operations.

Legal Entities that carry out activities in the stock market have the obligation to monitor that the operations in which they participate are performed according to sound market practices and uses.

## 3. MAKE YOUR CLIENT'S INTEREST PREVAIL

The investor public is the stock market's main *raison d' être*, therefore it is essential that the Professionals generate trust among their clients through operations that are transparent, impartial and of good faith, without placing any other type of interests first.

In accordance with this principle, the Professionals must:

- a) Identify their client's investment targets in order to recommend the most appropriate products and services;
- b) Provide their clients with all available and important information so they are able to make substantiated decisions;
- c) Distinguish, when making recommendations to their clients, between what is market information and what is information from the issuers as well as what constitutes the recommendation or opinion given to the client;
- d) Make sure their clients know the nature of the operations being executed, as well as their corresponding risks;
- e) Thoroughly explain to clients the policies on service charges, as well as all eventual expenses involved in the executed operations;
- f) Not mislead their clients into carrying out certain businesses with the only purpose of obtaining one's own benefit or that of the legal entity associated with them;

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- g) Execute their clients' instructions according to principles of equality of treatment and opportunity, as well as under the best market conditions, and
- h) Execute and allocate all operations with transparency and in accordance to current regulations.
- i) This principle mandates that legal entities that participate in the stock market have all the mechanisms and procedures in order to ensure the transparency of the activities that are being executed by the associated Professionals, including those related to the registration, execution and allocation of the operations being performed.

4. AVOID CONFLICTS BETWEEN YOUR PERSONAL INTEREST AND THAT OF THIRD PARTIES.

The Professionals, during the execution of their activities, must avoid any conflict of interest with their clients, among their clients or with the legal entity to which these are associated.

In accordance with this principle, the Professionals:

- a) May not offer, provide, request or accept incentives, compensations or amusement or entertainment proposals that may result in a personal commitment or one of the associated legal entity, and which may undermine objectivity when making decisions in issues related to the person being offered, provided, requested or accepted the incentives, compensation or amusement or entertainment proposals;
- b) Shall abstain from participating in activities that are incompatible with their duties, and
- c) Shall immediately communicate any situation that may derive in a conflict of interest to their supervisor.

Legal entities that participate in the stock market shall establish institutional mechanisms and, if necessary, physical or procedural barriers, in order to avoid any conflicts of interest between the different areas, they shall also issue operating rules for the Professionals, should a conflict of interest arise.

5. PROVIDE THE MARKET WITH TRUTHFUL, CLEAR, COMPLETE AND APPROPRIATE INFORMATION

The efficiency of a stock market depends highly on the quality of information that is made public, as we as on the extent and opportunity with which such information is disclosed.

In accordance with this principle, the Professionals must:

- a) Promptly and broadly circulate all periodic information regarding relative events that may influence market prices or rates or on decisions made by the investor public;

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- b) Abstain from circulating any rumors or information that may distort the price formation process or that may alter the decision making process on behalf of the investor public, and

- c) Formulate recommendations for their clients that represent an informed opinion based on information that is of public domain.

Legal entities that participate in the stock market shall have efficient information systems that allow associated Professionals to fully comply with this principle.

## 6. SAFEKEEP THE CONFIDENTIALITY OF CLIENT INFORMATION

This principle has the fundamental purpose of safe keeping the confidentiality of information that the Professionals have on their clients as a result of their activities and limit its disclosure exclusively to the proper authorities and Self-regulating entities.

In accordance with this principle, the Professionals:

- a) Shall save, in a confidential manner, information from clients and from operations executed on their accounts;

Shall provide information on clients only when there is written requirement to do so, well-founded and justified by the proper authorities and Self-regulating entities, and

- b) Shall not use the information they have on client orders in order to obtain a benefit for themselves, for the associated legal entity or for any third party.

The legal entities that participate in the stock market shall have appropriate control systems in order to safe keep client information and prevent the improper dissemination or inappropriate use of such information.

## 7. DO NOT USE OR DISCLOSE PRIVILEGED INFORMATION

The fundamental purpose of this principle is to avoid the improper use or disclosure of privileged information.

In accordance with this principle, the Professionals must not:

- a) Disclose any privileged information to third parties, and
- b) Negotiate or induce third parties to negotiate securities or derivative products, whose price may be influenced by such privileged information.

Legal entities that participate in the stock market shall establish institutional mechanisms and, if necessary, physical or procedural barriers, in order to ensure that any privileged information that is available to some of the work areas does not directly or indirectly, find its way to the hands of other people who may violate regulations in terms of privileged information.

## 8. LOYAL COMPETITION

The Professionals must make sure that the competition of service provision is carried out honestly and in good faith.

For this reason, the Professionals shall abstain from:

- a) Attracting potential clients or keeping current clients by offering benefits that are not allowed under current regulation;
- b) Offer products, services or a combination of both at prices or rates that are below their operating cost with the sole purpose of obtaining their business, to the detriment of other competitors; and
- c) Guarantee their clients yields that do not derive from the instruments or operations that were executed.

Due to the fact that healthy competition must be based on existing and objective factors, legal entities that participate in the stock market shall prevent the public disclosure of incorrect or exaggerated data regarding their performance. In addition, such people shall not agree with their competitors to fix or increase prices or rates for products or services offered to their clients.

## II. PROVISIONS RELATIVE TO PENALTIES

1. The violation of norms included in this Code of Ethics will cause, according to the severity of each case, the infliction of the following penalties.

- a) Warning, which shall constitute a written observation of the offense addressed to the responsible party, compelling him/her not to engage in such conduct again. The warning may be private, if such offense is carried out within Monex, or public if according to the severity of the case, the Department's or Branch Management in charge of imposing such action decides to inform any third parties.
- b) Temporary suspension of duties, activities or employment, for a maximum of three days.
- c) Definite expulsion from Monex, and if applicable, the termination of service provision or labor contract.

Where appropriate, the proper Authorities shall be notified.

2. The following areas shall be those in charge of handling any possible infringements to responsibilities enforced by the Code herein and shall determine the implementation of the corresponding penalties:
- a) Monex Board of Directors regarding actions that involve members of the Board, staff member, managers, directors, representatives and employees of such Board.
  - b) The CEO and Department or Branch Director for which such Monex staff member or employee works.
  - c) Monex Comptroller Department.

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3. The following procedure shall be applied in order to verify the infringements of duties included in the Code herein as well as the implementation of the corresponding penalties:
  - a) Any person, who is privy to regulation violations of the Code herein, shall report such actions to the proper Department or Branch Management.
  - b) The Department or Branch Management that is privy to such action shall make the corresponding statement of whether or not such action constitutes misconduct, with no further requirement than by listening to the alleged offender and complainant, through a written report and accompanied by proof, if any.
  - c) The Department or Branch Management shall resolve the issue on the basis of good conscience and kept faith, without being subject to special formalities and addressing the severity of the case and its specific circumstances, and shall issue the implementation of applicable penalties.
  - d) Once the existence of a violation is declared and the implementation of the corresponding penalty is resolved, the Department or Branch Management who was privy to such action shall provide the necessary data in order to execute the penalty pursuant to the following provisions.
4. Monex Directorate General, through the representatives designated for such purpose, shall enforce the penalties imposed on its Board Members, Commissioners, Administrators, Staff Members, Managers, Advisors, Representatives and Employees.