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

### **Code of Ethics**

#### **PURPOSE**

To raise the quality and competitiveness of the Mexican stock market, it is necessary to complement the current regulatory framework with a comprehensive self-regulatory scheme through which to regulate, supervise and sanction the behavior of its participants.

Against this backdrop, the Code of Ethics aims to be a behavioral compass for all professionals working in this market, promoting high ethical and professional conduct standards in order to preserve the integrity of the stock market and protect the interests of the investing public.

To this end, the fundamental principles that govern all people who regularly or professionally trade in the stock market or perform activities related thereof are established, including those in which, by virtue of their functions, may influence the public's opinion in matters of the stock market (hereunder, the "Professionals")

Although the fundamental principles of action are intended to guide the conduct of Professionals, the Mexican Stock Exchange, the MexDer Mexican Derivatives Market, the S.D. Indeval, Asigna Clearing and Settlement House, the Mexican Association of Securities Intermediaries and all other stock market institutions that constitute and adhere to this code (hereunder, the "Self-regulating Entities") shall be required to issue norms and standards that regulate the conduct that is demanded pursuant to the principles, so that, through this mechanism, all Professionals faithfully comply with sound market practices.

Furthermore, in order to have an effective self-regulating framework, all Self-regulating Entities must have supervision schemes and systems, as well as a disciplinary body that is authorized to sanction behavior that violates previously issued norms and regulations, being the Board of Directors of said entities the last instance in any disciplinary process. Nevertheless, when there is substantiated indication that a person's misconduct may lead to a criminal act, then the Self-regulating Entity that is aware of such conduct must inform the competent authorities.

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## I. GENERAL ETHICAL PRINCIPLES

The Professionals must conduct themselves with honesty, integrity, diligence, objectivity, probity and in good faith at all times while performing their activities. Likewise, they must create the necessary conditions that encourage other Professionals to also exhibit appropriate professional behavior that increases the stock market's credibility.

### FUNDAMENTAL STOCK MARKET BEHAVIOR PRINCIPLES

#### 1. ACT IN ACCORDANCE WITH APPLICABLE PROVISIONS AND SOUND MARKET PRACTICES

The Professionals' behavior must adhere to the general laws, rules, and provisions issued by the competent authorities, as well as to regulations proclaimed by the Self-regulating Entities. To that end, Professionals require extended knowledge on normativity related to matters of the stock market.

In accordance with the above-mentioned principle, all Professionals must:

- a) Refrain from executing instructions that go against current regulations or sound market practices, and if such situation should arise, report it to his/her superior;
- b) Supervise that all collaborators perform their activities pursuant to the current legal regime and sound market practices;
- c) Promote integrity among other Professionals by setting the right example.
- d) Not be complacent or yielding to inappropriate behavior from others, and
- e) Inform and, if possible, provide evidence of violations they have knowledge of to the competent authorities and to the Self-regulating Entities.

In order to contribute to the compliance of this principle, the managing bodies of the legal entities that trade in the stock market should set the appropriate procedures and control mechanisms to ensure that those Professionals related to them comply with all regulations applicable to the different activities in which they intervene.



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## 2. ACT BASED ON AN INTEGRATED PROFESSIONAL CONDUCT THAT ALLOWS THE TRANSPARENT AND REGULATED DEVELOPMENT OF THE MARKET

Professionals are responsible for acting with personal integrity, as their behavior not only affects their own reputation and that of the legal entity they are tied to, but also that of the stock market as a whole.

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

- a) Create artificial supply or demand conditions that have influence on prices or rates;
- b) Alter prices or rates through deception or rumor practices;
- c) Do not derive from the free contact of supply and demand, and
- d) Alter or interrupt, with no reason whatsoever, the normalcy of stock market transactions.

Legal entities that trade in the market have the obligation to monitor that all transactions in which they are involved are carried out in compliance with sound market practices.

## 3. PRIORITIZE YOUR CLIENTS' INTERESTS

The investing public is the *raison d'être* of the stock market; therefore, Professionals must generate a bond of trust among its clients through transparent and impartial practices, always acting in good faith, without placing the interests of others first.

In accordance with the above-mentioned principle, all Professionals must:

- a) Identify their client's objectives in such a way that they recommend the most appropriate products and services;
- b) Provide their clients with all the information that is available and important so they can make informed decisions;
- c) Be careful, when making recommendations, to distinguish between market information that is disclosed by the issuers and information that constitutes a recommendation or opinion given to your clients;
- d) Make sure that their clients are aware of the nature of all transactions that they perform, as well as any risks involved;
- e) Inform their clients of all collection policies for services rendered, as well as of any possible expenses that may arise when performing such transactions;
- f) Not incite their clients to conduct any business with the sole purpose of obtaining benefits for oneself or for the related legal entity;

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- g) Execute the client's instructions according to equal treatment and opportunity principals, as well as under the best market conditions, and
- h) Proceed and assign all transactions that are carried out with transparency and in accordance with current regulations.

This principle requires all legal entities that trade in the stock market to set the appropriate procedures and mechanisms that guarantee the transparency of transactions carried out by all Professionals related to them, including those associated with the registration, execution, and assignment of the transactions they perform.

#### 4. AVOID CONFLICTS BETWEEN YOUR PERSONAL INTERESTS AND THOSE OF THIRD PARTIES

All professionals, when conducting their activities, must avoid conflicts of interest with their clients, among them, or with the related legal entity.

According to this principle, Professionals:

- a) May not offer, give, request, or accept incentives, compensation, fun and entertainment offers that may lead to an obligation from such professional or from the legal entity to which he/she is related, and which may undermine their objectivity when making decisions in matters related to the person to whom such incentive, compensation, fun and entertainment offer was offered, given, requested, or accepted.
- b) Shall refrain from participating in activities that are incompatible with their duties, and
- c) Must immediately inform their hierarchical superior of any situation that could lead to a conflict of interest.

Legal entities that trade in the stock market must establish institutional mechanisms and, if necessary, physical or procedural barriers, which prevent conflicts of interests from originating between their various business areas, as well as issue conduct regulation for all Professionals should a conflict of interest arise.



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5. PROVIDE THE MARKET WITH ACCURATE, CLEAR, COMPLETE, AND PROMPT INFORMATION

The efficiency of a stock market depends largely on the quality of information that is made public, as well as on the extent and timing in which it is disclosed.

According to this principle, all Professionals should:

- a) Promptly and extensively disclose periodic information as well as any relevant events that may influence the prices or quotation rates, or weigh on decisions on behalf of the investing public;
- b) Refrain from spreading rumors or information that may distort the price formation process or that may influence decisions on behalf of the investors; and
- c) Present their clients with recommendations that represent their informed opinion and based on information that is of public domain.

Legal entities that trade in the stock market must have efficient information systems that allows related Professionals to fully comply with this principle.

6. SAFEGUARD THE CONFIDENTIALITY OF CLIENT INFORMATION

This principle has the fundamental purpose of safeguarding the confidentiality of information that Professionals know about their clients as a result of the activities that they carry out and restrict their disclosure only to competent authorities and Self-regulating Entities.

According to this principle, Professionals must:

- a) Keep client information and that related to their account transactions confidential;
- b) Turn over client information, only when there is an expressed, well-founded, and justified request from the authorities and the competent Self-regulating Entities, and
- c) Not use the information they have about the transactions they manage to obtain advantages for themselves, the institution they work for or for any third party.

Legal entities that trade in the stock market must have appropriate control systems to safeguard all client information and avoid any improper disclosure or incorrect use thereof.



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## 7. DO NOT USE OR DISCLOSE PRIVILEGED INFORMATION

This principle has the fundamental purpose of preventing the misuse and undue dissemination of privileged information.

According to this principle, all Professionals must not:

- a) Reveal privileged information to third parties, or
- b) Negotiate or prompt others to negotiate securities or derivative products dependent on an underlying asset, whose price may be influenced by any type of privileged information in their possession.

Legal entities that trade in the stock market must establish institutional mechanisms and, if necessary, physical or procedural barriers that guarantee that any privileged information that is available to some areas of the company is not, direct or indirectly, within the reach of others who, with this information in hand, may infringe privileged information-related regulation.

## 8. PROMOTE LOYAL COMPETITION

Professionals must ensure that competition of services in matters of stock trading evolves in a forthright manner and in good faith.

In this respect, all Professionals will refrain from:

- a) Attracting potential clients or keeping existing ones by granting them benefits that are not allowed by current regulations;
- b) Offering products, services or a combination of both at prices or rates that are lower than their operating cost in order to win over business in detriment of a competitor, and
- c) Guarantee clients returns that do not result from the true nature of trading securities.

Since healthy competition should be based on objectively existing factors, legal entities that trade in the stock market must prevent the dissemination, to the public, of incorrect or overstated information regarding their performance. Moreover, such organizations should not agree with their competitors to fix or raise the prices or rates of products or services being offered.



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## II. SANCTION-RELATED PROVISIONS.

1. Violations to the rules in this Code of Ethics will result, depending on the seriousness of the case, in the imposition of the following sanctions:
  - a) A warning, which consists of a written document expressing the violation in question to the person at fault, strongly recommending him/her not to repeat it again. Such warning may be of private nature, if it only involves Monex, or public if, according to the seriousness of the matter, the area or branch office's Management in charge of implementing the sanction decides that it should be revealed to third parties.
  - b) Temporary suspension of duties, activities, or employment for a maximum period of three days.
  - c) Definite suspension from Monex, and as the case may be, termination of employment or service provision contract.

Where applicable, the competent Authorities will be informed.

2. The following bodies shall be responsible for assessing any possible violations imposed by this Code of Ethics and for deciding on the corresponding penalties:
  - a) Monex's Board of Directors concerning actions that involve the members of the board and their officials, managers, directors, representatives, and employees.
  - b) The corresponding Chief Executive Officer and Area or Branch Office Manager to which Monex's staff member or employee answers to.
  - c) Monex's Comptroller's Office.
3. The following procedure shall apply in order to verify any violations stated in the Code of Ethics herein and the imposition of corresponding sanctions:
  - a) Any person who is aware of violations that were committed to the norms of this Code of Ethics must report them to the competent Area or Branch Office Management.
  - b) The Area or Branch Office Management aware of such violations will declare whether or not an infraction was committed, with no other formality than to listen to the alleged offender and the informer, through written documents attached to evidence of the case.
  - c) The Area or Branch Office Management shall resolve in good conscience and in good faith, without being subject to special formalities and addressing the seriousness of the case in question and all specific circumstances surrounding it and shall issue the imposition of applicable sanctions.
  - d) Once the existence of an infraction has been declared and the imposition of the corresponding sanction has been resolved, the Area or Branch Office Management aware of the case shall provide all the necessary information for such sanction to be implemented pursuant to the following provisions.
4. Monex's Directorate-General shall appoint individuals to enforce the sanctions imposed to its board Members, Commissioners, Administrators, Officials, Directors, Advisors, Representatives, and Employees.

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