

CHAPTER ELEVEN DISCIPLINARY MEASURES

PART ONE DISCIPLINARY MEASURES

1100.00.

Violations of regulations will result in the application of disciplinary measures in the form of economic penalties to be imposed by the Technical Committee through the Chief Executive Officer or the Sub-Committee on Discipline and Arbitration, under the terms of the Regulations.

The economic penalties are to be defined based on a specific number of the daily minimum wage in force in the Federal District on the date on which the infraction was committed and in no way precludes the application of other disciplinary measures and preventative measures as defined in the Regulations under the procedures that those same Regulations stipulate.

1101.00.

The Sub-Committee on Discipline and Arbitration may apply disciplinary measures that may consist of, in the case of accredited personnel, reprimands and suspensions, and in the case of Clearing Members, reprimands and expulsions, as stipulated in the Regulations.

The Chief Executive Officer may apply disciplinary measures that may consist of reprimands and the imposition of economic penalties.

1101.01

When the compliance Officer, in the performance of his oversight and supervisory duties, or based on any of the reports from any of the Clearinghouse areas, finds that there has been some violation of the Regulations, Operating Manual or applicable rules that merit the application of a disciplinary measure, he or she shall proceed to notify the Clearing Member in question that it has the right to a hearing and to express any arguments or reasons in its own defense, including any evidence that prove the alleged violation has not taken place.

For the purposes of the preceding paragraph, the Clearing Member in question shall be given five business days to reply from the date following that on which notification is made, and if no response is received, the alleged violations shall be assumed as having been admitted, and the Clearinghouse shall accordingly apply the appropriate disciplinary measure.

1102.00

The disciplinary measures will be communicated in writing, addressed to the legal representative or accredited personnel of the Clearing Member or Trader that manages Global Accounts, specifying the violation, and advising the Clearing Member or Trader that manages Global Accounts of the disciplinary measure to be applied pursuant to the Regulations in the event that it should commit the same violation a second time.

When the infringement in question is one that must be made public, the Clearinghouse will notify the members of the Exchange and the general public of the violation committed by the Clearing Member or Trader that manages Global Accounts and the corresponding disciplinary measure by posting a notice in the Bulletin.

A reprimand that is not to be publicly disclosed is to be dealt with in a confidential manner, in which case the Clearinghouse will not be held responsible for any disclosure of the measures by the Clearing Member or Trader that manages Global Accounts.

1103.00.

A decision to expel a Clearing Member entails the revocation of the approval previously issued to a Member by the Technical Committee, leaving the Member ineligible to engage in any registry, clearing or settlement with the Clearinghouse.

1104.00.

Notification of any decision by the Clearinghouse to expel a Clearing Member is to be published in the appropriate manner in the Bulletin and in a nationally circulated daily newspaper, expressly stating the violation committed by the Clearing Member.

1105.00.

In the event that the Sub-Committee on Discipline and Arbitration decides to expel a Clearing Member, the Clearinghouse must obtain approval for the decision from the National Banking and Securities Commission.

1106.00.

Clearing Members and Traders that manage Global Accounts are responsible for ensuring that their accredited personnel, directors and employees are in compliance with the articles appearing in the Rules, and are therefore liable for payment of the economic penalties resulting from the infractions they commit.

The above provision notwithstanding, and at the request of the Clearinghouse, the Exchange may withdraw the accreditation of any accredited personnel of Clearing Members and Traders that manage Global Accounts who fail to comply with any aspect of the Regulations or the Operating Manual on more than three occasions.

1107.00.

The Clearing Member or Trader that manages Global Accounts must pay the economic penalties within 3 (three) Business Days following notification of the Clearinghouse's disciplinary measure.

1108.00.

Whomever the Clearing Member or Trader that manages Global Accounts designates as its legal representatives will be notified of the resolutions under which a disciplinary measure is to be imposed no later than the first Business Day after the resolution was issued pursuant to the terms of article 102.00 of the Operating Manual.

Notification will be considered served when it has been personally delivered to any of the persons specified in the preceding paragraph or to the address provided for such purposes by the Clearing Member, under the terms of section III of article 104.0.00, and by the Trader that manages global Accounts, under the terms of section X of article 216.02.

1108.01

Under the terms of these Regulations, serious infractions are those established in articles 1110.00, sections V to XXV, 1112.00 and 1112.01.

1109.00.

The Chief Executive Officer will impose economic penalties in those cases in which any department of the Clearinghouse has documented in a clear and indisputable manner that a Clearing Member or Trader that manages Global Accounts or its Accredited personnel:

- I. Have engaged in conduct that contravenes the obligations stipulated in the Regulations, the Operating Manual or any applicable norms.
- II. Have failed to fulfill the terms of, or have defaulted on, a Contact.

1110.00.

The following economic penalties are to be imposed:

- I. 300 a 500 days of current minimum wage in Mexico City for failing to establish the relevant trust or to comply with the conditions required for the commencement of trading;
- II. 500 to 1,000 days of current minimum wage in Mexico City for when a Clearing Member fails to conduct the annual external audit.
- III. 300 to 500 days of current minimum wage in Mexico City when a Clearing Member fails to notify the Clearinghouse that it lacks the personnel it is required to employ pursuant to the Operating Manual.
- IV. 150 to 250 days of current minimum wage in Mexico City when a Clearing Member fails to fulfill the Exchange's accreditation requirements for new employees pursuant to the Operating Manual.
- V. 1,000 to 2,000 days of current minimum wage in Mexico City when Clearing Members allow an employee other than one accredited with the Exchange to conduct the activities restricted to accredited personnel.
- VI. 300 to 500 days of current minimum wage in Mexico City when a Clearing Member fails to report that it lacks the legal representatives required under the terms of the Regulations.
- VII. 150 to 250 days of current minimum wage in Mexico City when a Clearing Member fails to comply with its obligation to report on and verify before the

Clearinghouse the names and responsibilities of new legal representatives pursuant to the Operating Manual.

- VIII. 150 to 250 days of current minimum wage in Mexico City when a Clearing Member that transmits or receives Open Contracts comply with its obligation to provide the Client with the transfer's identification code number, or fails to turn in the corresponding report within the period and in the manner stipulated in the Regulations.
- IX. 500 to 1,000 days of current minimum wage in Mexico City from a Clearing Member that refuses to appear before the Technical Committee or any Sub-Committee of the Clearinghouse; as well as those who refuse to cooperate with the duties of such bodies or any other department of the Clearinghouse when requested to do so.
- X. 300 to 10,000 days of current minimum wage in Mexico City when a Clearing Member fails to comply with a decision of the Chairman, or, when relevant, the Chief Executive Officer, or the Sub-Committee on Discipline and Arbitration, a disciplinary panel and/or a ruling by an arbitration board.
- XI. 500 to 10,000 days of current minimum wage in Mexico City when a Clearing Member fails to comply with the equity investment requirement, or the requirement on Excess Margins as stipulated by the Authorities.
- XII. 500 to 10,000 days of current minimum wage in Mexico City when a Clearing Member fails to comply with the obligations stipulated in Chapter Ten of the Regulations.
- XIII. 1,000 to 2,000 days of current minimum wage in Mexico City when a Clearing Member registers Transactions in an Account other than the proper one; for failing to transfer, modify or close the positions arising out of trading errors as stipulated in the Regulations.
- XIV. 1,000 to 2,000 days of current minimum wage in Mexico City when the Clearing Members and/or the Traders report the existence of an Spread Position when the holders of the Short Position and of the Long Position are not one and the same.
- XV. 500 to 5,000 days of current minimum wage in Mexico City for those Clearing Members that refuse to comply with the transfer of Open Contracts.
- XVI. 500 to 5,000 days of current minimum wage in Mexico City when a Clearing Member fails to report that a formerly accredited employee has ceased to fulfill that position in order for the access codes to clearing and settlement system to be changed.
- XVII. 5,000 to 10,000 days of current minimum wage in Mexico City when a Clearing Member conceals from the Clearinghouse any relevant fact regarding the Member's financial or operational situation that might cause it to be in violation of its obligations to the Clearinghouse or to its Clients.

- XVIII. 5,000 to 10,000 days of current minimum wage in Mexico City when a Clearing Member fails to comply with its obligation to adjust the open positions of its Clients, those of its Traders, those of the Market Makers and its own Trader positions, in response to the positions report it receives from the Clearinghouse relating to an ex-rights adjustment, as a precautionary measure, or in an emergency situation as described in Section 720.00.
- XIX. 5,000 to 10,000 days of current minimum wage in Mexico City when a Clearing Member fails to comply with the obligations stipulated in articles 736.00., 811.00. and 814.00.
- XX. 5,000 to 10,000 days of current minimum wage in Mexico City when a Clearing Member fails to comply with the requirement that they subject themselves to an audit by the Clearinghouse or any outside party it has appointed for this purpose.
- XXI. 10,000 to 20,000 days of current minimum wage in Mexico City for Clearing Members who fail to accredit a hedge position pursuant to the terms of Section 336.00.
- XXII. 5,000 to 10,000 days of current minimum wage in Mexico City when a Clearing Member is incapable of fulfilling any obligations assumed in relation to the Asigna Trust, the Regulations, Operating Manual, of the rules issued by the Exchange or by the Authorities, or fails to report such a situation to the Clearinghouse in an immediate and timely fashion.
- XXIII. 10,000 a 20,000 days of current minimum wage in Mexico City to the Clearing Members for failing to demand that its Clients establish Contributions in relation to the Open Contracts they have registered in their account.
- XXIV. 15,000 to 20,000 days of current minimum wage in Mexico City for Clearing Members that fail to cancel the number of Contacts necessary to comply with the established Position Limits in the event that the Clearinghouse rejects the hedge Position they requested.
- XXV. 150 to 10,000 days of current minimum wage in Mexico City when a Clearing Member and/or Traders fail to comply with any provisions contained in the Regulations, in the Operating Manual or in the general provisions issued by the Clearinghouse other than those previously issued and which do not contain disciplinary measures that are not specifically stipulated in these Regulations.

The last two paragraphs of this article are repealed.

1111.00

A repeat offense is one in which a Clearing Member or Trader that manages Global Accounts commits two or more infractions of the same kind during a period of 15 (fifteen) months from the deadline it was given to comply with an obligation.

1111.01

In cases of repeat offense, for infractions not qualified as serious, the following criteria shall apply:

- I. For the second infraction of the same type, the Clearing Member shall be fined the amount equivalent to twice the corresponding economic penalty; and
- II. For third and subsequent infractions of the same type, the Clearing Member shall be considered a repeat offender, and the Sub-Committee on Discipline and Arbitration shall be notified to proceed as established in Article 1112.00
- III. In the event that there are more than three infractions of the same kind, the Clearing Member or Trader that manages global Accounts shall be treated as a repeat offender, and the Sub-Committee on Discipline and Arbitration shall be notified to proceed in accordance with article 1112.00 or 1112.01, respectively.

1111.02

In cases of repeat offense, for infractions qualified as serious, the following criteria shall apply:

- I. For the second infraction of the same type, the Clearing Member shall be fined the amount equivalent to twice the corresponding economic penalty; and
- II. In the event that there are two or more infractions of the same kind, the Clearing Member or Trader that manages global Accounts shall be treated as a repeat offender, and the Sub-Committee on Discipline and Arbitration shall be notified to proceed in accordance with article 1112.00 or 1112.01, respectively.

1111.03

A reprimand will be issued for first non-serious infractions committed by a Clearing member, Trader that manages Global Accounts, or accredited personnel.

Economic penalties will be imposed for first serious infractions committed by a Clearing member, Trader that manages Global Accounts, or accredited personnel.

1112.00.

A Clearing Member guilty of any of the following will be subject to expulsion:

- I. Whenever it defaults on the obligation to make cash payments, deliver Underlying Assets, make contributions to the Clearing Fund and/or to the Contribution Fund.
- II. Whenever using securities and/or cash resources for purposes other than those that the Clients have requested.

- III. Whenever it has failed to obtain the consent of its Clients for the Clearinghouse to undertake the registration of the Contacts in the Exchange, as well as for the Clearinghouse to undertake the clearing and settlement of said Transactions.
- IV. Whenever disseminating information for the purposes of influencing the prices of Underlying Assets that are to be paid and settled with the Clearinghouse.
- V. . Whenever a trustor of the Clearing Member declares bankruptcy
- VI. Whenever relevant authorities revoke the authorization under which the Clearing Member's trust, or brokerage or trustor credit institution operates.
- VII. Whenever the authorization of the Clearing Member or its trustor to organize and operate as a trustee brokerage firm
- VIII. Whenever the trust institution of the Clearing Member of the brokerage or Third-Party Position Member who has been expelled from the Exchange or an equities exchange.
- IX. Whenever concealing information and/or presenting false or incomplete information that is required when filing a request for membership with the Clearinghouse.
- X. Whenever failing to or refusing to respond to a request for information from the Technical Committee, any Sub-Committee or any department of the Clearinghouse or when responding with false or incomplete information.
- XI. Whenever attempting to alter or altering the records of any Transaction.
- XII. Whenever constantly and repeatedly violating the obligations stipulated in the Regulations.
- XIII. Whenever the Authorities so deem necessary.

The Clearinghouse must inform the Ministry of Finance and Public Credit, pursuant to the terms said Ministry indicates when withdrawing approval, no later than the Business Day immediately following that event.

1112.01

An economic penalty of 5,000 to 10,000 times the daily minimum wage in effect in Mexico City, and the revocation of authorization to manage Global Accounts, shall be imposed on Clearing Members and Traders that fail to comply with the obligations stipulated in articles 222.01 and 238.00, respectively. The Clearing Member or Trader will receive notification of the revocation jointly from the Exchange and the Clearinghouse.

1113.00.

Whenever a decision is made to expel a Clearing Member, the Clearinghouse will order the transfer or settlement of the Open Contracts that said Clearing Member continues to have registered in its Accounts. The Clearing Member must clear all outstanding obligations with the Clearinghouse. Furthermore, the Clearinghouse is hereby empowered to maintain a pre-trading contribution for establishing the Clearing Fund as well as the Minimum Equity contribution during the six months following the date on which the Clearing Member ceases to be a Member.

1113.01

When the authorization of a clearing Member or Trader to manage Global Accounts has been revoked, each Client in the Global Accounts that had been managed by that Clearing Member or Trader must choose a Trader or Clearing Member to which its transactions will be transferred; if it fails to do so, the Clearinghouse will settle the respective Open Contracts through the Traders or Clearing Members that it designates.

1114.00.

Clearing Member or Clearinghouse employees or directors who divulge or make improper use of privileged information are to be subjected to an investigation by the Sub-Committee on Discipline and Arbitration in the form of the Compliance Officer in order to confirm the aforementioned deeds.

The Sub-Committee on Discipline and Arbitration is hereby empowered to order the realization of studies or follow-up audits, as well as demand any information it deems necessary. Should the party in question be found to be guilty of the deeds mentioned above, and notwithstanding any disciplinary measures that may be applied, the Sub-Committee on Discipline and Arbitration must notify the relevant Authorities of this fact on the same Business Day so that they may act on the issue in the manner they deem appropriate.

1115.00.

Notwithstanding of the application of other disciplinary measures contemplated in the Regulations, the accreditation of a risk manager or account manager shall be revoked when:

- I. Any obligation stipulated in the Regulations has been violated on more than three occasions.
- II. The securities and/or cash resources of one's Clients have been used for purposes other than those the Client has requested.
- III. The Authorities so request.

1116.00.

Should the Sub-Committee on Discipline and Arbitration resolve that a Clearing Member is guilty of breaking rules and regulations that imply the need for

expulsion or an economic penalty greater than 7,500 days of the minimum wage currently in effect in the Federal District, the Technical Committee must ratify the disciplinary measure for it to be applied to the relevant Clearing Member.

Similarly, should the Sub-Committee on Risk Recognition and Management decide to recommend to the Exchange the revocation of the accreditation of any person, it will require ratification of the disciplinary measure by the Technical Committee.

The Clearinghouse will report in writing to the National Banking and Securities Commission and the Exchange, in a period no greater than 5 (five) Business Days, the resolution adopted with the support of two-thirds of the members of the Technical Committee, and by which said body ratified the expulsion order, the recommendation for revoking accreditation, or the imposition of an economic penalty greater than 7,500 days of minimum wage currently in effect in the Federal District. The ratification by the by the Technical Committee may not be appealed.

PART TWO APPEAL REQUEST

1117.00.

Clearing Members and Traders that manage Global Accounts shall have a right to file an appeal of the economic penalties the Clearinghouse may impose.

1118.00.

Under the authority of his or her position, the Chief Executive Officer will be in charge of deciding on appeals filed by those Clearing Members and Traders that manage Global Accounts on whom an economic penalty has been imposed.

1119.00.

The appeal must be filed in writing with the Chief Executive Officer between the hours of 8:30 am and 5:30 pm, and no later than 4 (four) Business Days following notification of the relevant economic penalty, and must contain:

- I. The name of the Clearing Member's trust institution, and, when applicable, the name of the accredited personnel responsible, or the name of the Trader that manages Global Accounts and, when applicable, the name of the accredited personnel responsible.
- II. An explanation of the motives and grounds for which the Clearing Member or Trader that manages Global Accounts has filed the appeal and, when relevant, any evidence it considers appropriate.
- III. The complete name, position and signature of the person filing the appeal on behalf of the Clearing Member or Trader that manages Global Accounts.

1120.00.

The appeal will proceed only in the following instances:

- I. When imputing the legal validity of the imposition the fine.
- II. When the affected Clearing Member or Trader that manages Global Accounts or the accredited personnel is not directly responsible for the violation.

1121.00.

The filing of the appeal referred to in this section will in no way invalidate the measures adopted by the Clearinghouse nor will it suspend their application, therefore, the Clearing Member or Trader that manages Global Accounts or the accredited personnel is obligated to comply with those same measures.

1122.00.

The appeal will not proceed in the following cases:

- I. If it fails to fulfill any of the prerequisites stipulated in Section 1119.00.
- II. If it takes up any issue other than those stipulated in Section 1120.00.
- III. If it is filed after the allotted time.
- IV. If at the time it is filed the party has failed to pay the Clearinghouse the economic penalty that was imposed.

1123.00.

Once the appeal has been formally received, with proof of receipt taken, the Chief Executive Officer will have a maximum of 5 (five) Business Days to study and evaluate the appeal, as well as to hand down any one of the following rulings:

- I. Ratification of the economic penalty.
- II. Modification of the economic penalty.
- III. Revocation of the economic penalty.

1124.00.

The Chief Executive Officer's resolution must be properly documented and argued and may not be appealed.

1125.00.

The resolution referred to in Section 1124.00 must be communicated in writing pursuant to the terms of Section 1108.00.

1126.00.

In the event that as a result of the appeal the relevant economic penalty is modified or revoked, the Clearinghouse will be obliged to, where applicable, reimburse the affected Clearing Member or Trader that manages Global Accounts for the entire amount originally paid or the difference between the entire amount originally paid and the amount stipulated in the resolution along with any interests that were generated.

1127.00.

When the amount of the economic penalty must be paid, such payment should occur within the 5 (five) Business Days following notification of the resolution.

1128.00.

The modification or revocation of the economic penalties will in no way affect the validity of the Clearinghouse's actions in implementing the measures that same said body imposed up and until the time of said modification or revocation, The rights that might have taken effect for any person as a result of such actions, and in no was obliges the Clearinghouse to compensate the Clearing Member or Trader that manages Global Accounts that may have been affected by such measures.

**PART THREE
DISCIPLINARY PROCEDURES**

**SECTION ONE
COMPILING CASES**

1129.00.

This Section is designed to regulate the procedures for determining whether a violation has occurred pursuant to the Regulations that are under the purview of the Sub-Committee on Discipline and Arbitration and, when applicable, to determine the appropriate disciplinary measures.

The disciplinary measure will in no way affect the application of other disciplinary measures or precautionary measures.

The Clearinghouse is free at any time to begin preparing a case in response to any suspicion or indication of any infringement of the norms set out on in the Regulations and in the Operating Manual.

1130.00.

The Chief Executive Officer will designate the Process Delegate. The designation must be ratified by the Technical Committee.

The Compliance Officer will serve as the person charged with preparing the case, and when applicable, will present the charges before the Process Delegate. Similarly, the Compliance Officer will act as the prosecution during the disciplinary proceedings on behalf of the Clearinghouse.

The Process Delegate will be the person charged with receiving the charges drawn up by the Compliance Officer, as well as receiving the response from the accused to said

charges. Similarly, the Process Delegate will assemble a disciplinary board in cases for which the Regulations stipulate such a measure.

1131.00.

Preparing a case involves opening a case file that contains in an orderly fashion all the relevant evidence, documentation and further information assembled in the course of an investigation prior to undertaking disciplinary proceedings.

The investigation, and when applicable, the preparation of a case, may be launched in any of the following forms:

I. Ex officio. When the Clearinghouse detects any apparent infraction and the Compliance Officer has the necessary elements for undertaking an investigation or audit.

II. Ex petitis. Whenever any person complains to the Clearinghouse of one or more alleged violations and the Compliance Officer has, in the course of an investigation, assembled the necessary elements of the case.

1132.00.

The charges referred to in section II of article 1131.00 must define the actions considered violations, and when applicable, the manner in which they affected the interests of the complainant or of any third party.

1133.00.

The Compliance Officer will at all times be empowered to evaluate the grounds of any the charges, and when applicable, dismiss them after explaining to the complainant in writing the reasons for such a decision.

1134.00.

The information contained in the files used in preparing a case are to be kept confidential, with access restricted to the Compliance Officer, those persons designated by said Officer, and when applicable, the Process Delegate, the members of a disciplinary panel, and when applicable, the Sub-Committee on Discipline and Arbitration.

The persons mentioned in the preceding paragraph must at all times fulfill their obligation to respect the confidentiality of the aforementioned information.

1135.00.

Once the Compliance Officer concludes that the case has been fully prepared, said Officer will then proceed to draft the charges and transmit same charges to the Process Delegate.

1136.00.

The Process Delegate must evaluate the origin of the complaint charges, and when applicable, notify the accused parties about the commencement of the proceedings, which are to be conducted as stipulated in Chapter Seven of the Regulations of the Exchange.