



Informative Brochure of Goldman Sachs Casa de Bolsa, S.A. de C.V. Trading System

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Goldman Sachs, México Casa de Bolsa, S.A. de C.V. Trading System

Dear Customer:

In accordance with provisions stated on third Title, second Chapter of the General Provisions Applicable to Broker Dealers ("**CUCB**"), issued by the National Banking and Securities Commission ("**CNBV**"), referring to the trading system for the reception and allocations of orders for the buying and selling of securities (hereinafter referred as of "**Trading System**") listed on the Bolsa Institucional de Valores, S.A. de C.V., in the Bolsa Mexicana de Valores, S.A.B. de C.V., and on both Stock Exchanges (the "**Stock Exchanges**"), we inform you the operating mechanics observed by Trading System, which was submitted for review and approval of the CNBV.

1. Trading System.

All instructions received by Goldman Sachs México, Casa de Bolsa, S.A. de C.V. ("**Broker Dealer**") through their representatives authorized by the CNBV for this purpose or through electronic means, shall be immediately registered in Trading System, indicating the type of order and operation in question.

2. Type of Clients and Eligibility.

Based on article 61 of the CUCB, the Broker Dealer will exclusively have on-boarded as clients Institutional Investors nationals of foreign; based on the characteristics of aforesaid type of clients, all of them will be considered as eligible clients to issue instructions to desk, which, through the applicable Brokerage Agreement, have stated that they know the differences between the instructions issued to book (*al libro*) and desk (*a la mesa*), in accordance with provisions stated in the CUCB, as well as that they understand that Broker Dealer Traders are those in charge of manage and execute client's orders derived from instructions made to desk. Likewise, that they are aware of the transmission and priority order ("*orden de prelación*") for the execution of orders issued to desk.

Considering that Broker Dealer will only have national and foreign Institutional Investors and/or stock intermediaries, transactions will always be in the "Delivery versus payment-DVP" mode and therefore they must have available enough resources (securities and / or cash) to deal with the operations carried out in their portfolios, to avoid fall in any breach.

In addition, Broker Dealer may offer only to any of its institutional clients dedicated Direct Market Access Channels ("**CAED`s**") to send instructions immediately to the electronic trading systems of any of the Stock Exchanges.

3. Type of Instructions.

Based on article 62 of the CUCB, instructions received by broker dealers from their clients, shall be classified as follows:

- i. **Book.** – those type of instructions which shall be immediately transmitted to the stock exchanges and that, therefore, shall not be managed by the trading desks of the broker dealers, regardless of the means through which they were instructed.



- ii. Desk. – those instructions that are intended to be managed by the trading desks of the broker dealers, through their traders.

Based on the aforementioned, Broker Dealer clients, may be entitled to send instructions for their execution through trading desk, reason why, aforesaid Clients instructions shall be classified, as “Desk” orders.

Broker Dealer may offer uniquely and exclusively to institutional clients (who expressly require it and formalize it) Direct Market Access Channels (CAED`s), therefore all instructions received through said media, shall be registered as “Book” orders, and will not be managed by the MCBO`s Trading / Sales Trader desk.

4. Authorized means for the reception of client’s instructions.

The authorized means for the reception of Clients instructions, will be those jointly agreed by the Client and the Broker Dealer through the applicable brokerage agreement entered by and into the aforementioned, (as it may be modified from time to time, the "Brokerage Agreement"), in this sense the Broker Dealer foresees that the reception of instructions shall be carried out through any of the following means:

- a) **Voice (Telephone)**: through telephone conversations held between the Client and personnel of the Broker Dealer. All instructions issued by Broker Dealer Client’s or by any authorized representative named by the Brokerage Agreement to execute transactions, through voice will be recorded, prior authorization.
- b) **Email**: through emails sent by authorized clients emails accounts (institutional emails).
- c) **Messages send through platforms(Chat)**: through messages sent by Bloomberg, or by any similar communication platform.
- d) **By electronic means**: through FIX message received by Trading System, limited to those clients who expressly request it and formalize it.
- d) **CAED`s**: through Direct Market Access channels.

5. Hours of Service and Execution.

Broker Dealer shall send Clients' orders to the Stock Market based on the correspondent operating hours. The trading hours of the Stock Exchange(s) are held from 8:00 a.m. to 3:00 p.m. from Monday to Friday, Mexico City time, during business days.

Broker Dealer may receive client's instructions only on business days from 6:30 a.m. to 3:10 p.m., for which, it has electronic tools that permit to be properly stored on a sequential basis. All instructions received will be recorded in the chronological order in which they were received.

6. Validity of Orders.

For all orders offered by Broker Dealer to its Clients, the validity of them shall be maximum of 1 day (same day), at the end of closing day in which instruction was made.

7. Attributes and Type of Orders.

Broker Dealer will try to execute the orders according to instructions received, however, it will not have responsibility in case they are not executed, or if them are not fully satisfied.

Actually Broker Dealer offer its Clients uniquely the following attributes:

- i. **Global.** - the one which groups instructions from various clients or from a single client with several accounts, with identical characteristics in terms of price, issuer, value, series and current coupon. They may only be executed regarding shares, ordinary participation certificates on shares, foreign securities issued by collective investment vehicles, listed and quoted throughout the trading sessions of the Stock Exchanges that seek to reproduce the behavior of one or more indices, financial assets or benchmarks or reproduce mathematically or statistically in an inverse or exponential way, said indices, financial assets or benchmarks listed in the International Quotation System, development, real estate, energy and infrastructure trust stock certificates or in investment projects registered in the national registry of securities and representative capital values listed in the International Quotation System. Only Orders from any of the following clients may be grouped; i) from foreign financial entities, and ii) Clients with non-discretionary accounts, who are holders, or are empowered to give orders with respect to 2 or more brokerage agreements of the same nature.
- ii. **Hidden Volume.**- Order to be displayed in the electronic trading system of the stock exchanges, showing only a part of its total volume.

Actually Broker Dealer offer its Clients uniquely the following type of orders:

- i. **Market with Protection GS.**- Order which is registered without price. However, those instructions received by clients without indicating a price will be executed at the best price that can be obtained in the market, using the "Limited or Limit Price" strategy for all cases.
- ii. **Limit Orders by Price.**- Order that in case of purchase, it is only satisfied if the price is less than or equal to the maximum price determined by the Client; in case of sale, it is only satisfied if the price is greater than or equal to the minimum price determined by the Client.
- iii. **Cross Orders.** - Cross Orders are entered into the electronic trading systems of the Stock Exchanges when MCBO represents the buyer and the seller in the same transaction.
- iv. **Market Orders at Close.** - Order sent to the closing book of the electronic trading systems of the Stock Exchanges being executed at the end of the stock market session with a price determined in accordance with the provisions provided by the Stock Exchanges.
- v. **Block Transactions.**- transactions executed by crosses by format, which comply with the parameters established within the operating manual of the exchanges.
- vi. **Transactions by Exception.**- Those transactions executed in the Stock Exchanges on securities listed in the SIC arranged in the Electronic Trading System outside the Electronic Book. MCBO may register transactions by exception with 2 different types of execution:
 - a) **At the volume-weighted average price of a specific period (Volume Weight or VW):** Those transactions whose price is based on a volume-weighted average of the transactions executed out for a security in its market of origin in a predefined period of time;
 - b) **At the simple average price of a specific period (Time Weight or TW):** Transactions whose price is based on a simple average of the operations carried out for a security in its home market in a predefined period of time.
- vii. **Market in opening auction (MOO).**- Order designed to ensure the execution of the Client's order during the period of opening auction. The order is sent as a market order to the market, before continuous market opens and before the continuous trading session starts. The execution price is determined in accordance with the provisions provided by the Stock Exchanges
- viii. **FOK (All or nothing).**- Order designed to execute a specific volume at a specific price, in case that volume cannot be executed all at once, the order will be canceled automatically.
- ix. **IOC (Immediate or cancel).**- Orders designed to have a short life time within the market. The order is registered as a limit order to be executed immediately, allowing any number of shares to be executed in aforesaid limited period, after which the order is automatically canceled in the

- market.
- x. **Best Limited Bid or Pegged.-** Order at an execution limit price that is entered as the best bid. In the event upcoming bids are presented, and any of them could improve the first one, it is replaced until the established limit price is reached.
- xi. **Best Limited Bid or Passive Pegged in opposite direction (SO)-** This order follows the best visible limit price in the opposite side. Even when there are bids in the opposite side within its protection price, the bid will not seek to close them unless they are forced by a position in the same direction within its protection price.

Type of Order	BMV	BIVA	Desk	Book	DMA
Market with protection GS	✓	✓	Yes	Yes	Yes
Limit or Price	✓	✓	Yes	Yes	Yes
Cross	✓	✓	Yes	Yes	No
Market Orders at Close (MOC)	✓	✓	Yes	Yes	Yes
Block Transactions	✓	✓	Yes	No	No
Transactions by Exceptions	✓	✓	Yes	No	No
Market in opening auction (MOO)	✓	✓	No	No	Yes
FOK (All or nothing)	✓	✓	Yes	No	Yes
IOC (Immediate or cancel)	✓	✓	No	No	Yes
Best Limited Bid or Pegged	✓	✓	No	No	Yes
Best Limited Bid or Passive Pegged in opposite direction (SO)	✓	✓	No	No	Yes
The maximum validity for all type of orders will be of 1 day					

8. Order Cancellation and amendments.

Client orders may be canceled as long as the transaction has not been executed in the electronic systems of the Stock Exchanges, if the operation has been partially satisfied, cancellation may only be requested, regarding the outstanding (titles not executed).

In order to request a cancellation, client shall expressly request it to Trading/Sales Trader desk, in the understanding that canceled order information shall be registered in system, as well as the new instruction that replaces it, the foregoing highlighting that for this case the initial assigned folio will be lost, having to be assigned a new folio; the aforementioned, with the exception of those orders which are modified to reduce their volume, in which the original assigned folio will be respected, and therefore the original execution priority order.

Any not executed order shall be canceled after the auction session of the stock exchange has concluded, observing the following:

- Taking into consideration that for all MCBO orders the validity will be a maximum of 1 day (same day), in compliance with sated in article 81 of the Provisions, any order not executed at the end of trading day, shall be canceled.



Any request to modify an order causes the cancellation of the original and the incorporation of a new one, with assignment of a new folio number that will occupy the corresponding place, according to the consecutive folios, except in case modification is made to decrease the volume of the order, since, for this case, the original assigned folio will be respected, and therefore the corresponding execution priority order.

Finally, it is important to highlight out that Broker Dealer will reject any instruction that does not comply with its internal policies, or those contrary to permitted in local regulation.

9. Allocation.

In compliance with requirements established in article 83 of the Provisions, Clients may share allocation of operations, regarding any other desk instructions made by them, with any other desk instructions, as long as:

- Client has given its authorization confirming its acceptance to perform the aforementioned share allocations of operations. In order to be able to do so, this shall be duly documented, through the authorization provided through the Brokerage Agreement entered into, in accordance with and in compliance with the stated on article 83 of the CUCB.
- Orders which may share allocation, have been previously registered in the Trading System, prior to its execution on the stock exchange.

10. Best Execution.

Broker Dealer best execution criteria will observe the following behavior in order of priorities described below, and based on the market information available at the time of transmission of the bids:

- a) The active bids will be sent to the exchange (s) that have the best price in open outcry (corros) which may satisfy the order, in case of equal prices between exchanges, the following will be observed. Bids derived from active orders will be transmitted in sections from the highest to the lowest volume of execution of the order, and in the event that both stock exchanges satisfy the total volume of the order the criteria mentioned in following section C) will be observed.
- b) Uniquely in the event that the client expressly instructs MCBO to give priority to volume, the following criteria C) will not result applicable, therefore the order shall be executed giving priority to volume according to the Client's instruction. For those orders in which the client expressly instructs MCBO to give priority to volume, MCBO will execute said order as FOK (all or nothing).
- c) In the event that the price is the same in the Stock Exchanges, and the available volume is sufficient to satisfy the client's instruction in any of the Stock Exchanges, orders will be sent through a random function to the resulting Stock Exchange, complying with the delivery and execution of said order.

MCBO will adhere to the methodology for calculating the probability of execution determined in the "Procedure for Best Execution", in accordance with the provisions set forth by the current CUCB.

Dedicated CAED's orders sent immediately for its execution on the electronic trading systems of any of the Stock Exchanges, will not be subject to best execution duty. Clients who send orders via FIX, may additionally opt for the "Best Execution" service, respecting the applicable regulations.



11. Passive Orders Methodology.

MCBO's passive orders methodology criteria will observe the following behavior for the execution of orders, based on the market information available at the time of transmission of the bids

- a) A passive order is the one that, when arriving to the bids, are not candidates to be executed and remain in formation awaiting execution.
- b) The sending of passive orders to the Stock Exchanges will be carried out in the proportion that results from the calculation of probability.
- c) The proportional sending of passive orders to both stock exchanges will seek to generate a transaction offer in both Stock Exchanges.
- d) Bids derived from passive orders will be sent to the applicable Exchange, based on the data of the 13 variables indicated in Annex V of both Stock Exchanges of the last three months, as well as the procedures mentioned in the methodology for passive orders of the Broker Dealer, in compliance with the provisions set forth by the current CUCB.