BOLSA MEXICANA DE VALORES, S.A.B. DE C.V.
AND SUBSIDIARIES

Consolidated Financial Statements

December 31, 2019 and 2018
with Independent Auditor's Report

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AND SUBSIDIARIES

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Contents:

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders of
Bolsa Mexicana de Valores, S.A.B. de C.V.,

Opinion

We have audited the accompanying consolidated financial statements of Bolsa Mexicana de Valores, S.A.B. de C.V. and its subsidiaries ("the Company or BMV"), which comprise the consolidated statement of financial position as of December 31, 2019 and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Bolsa Mexicana de Valores, S.A.B. de C.V. and its subsidiaries as of December 31, 2019 and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") and the ethical requirements that are relevant to our audit of the financial statements in Mexico in accordance with the "Código de Ética Profesional del Instituto Mexicano de Contadores Públicos" ("IMCP Code"), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements” section of our report, including in relation to these matters. Accordingly, our audit included audit procedures designed to respond to assessed risks of material misstatement in the accompanying consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

- Goodwill

Why the matter was determined to be a key audit matter

We consider the calculation of goodwill to be a key audit matter since this calculation requires significant Management judgment and the use of subjective estimates and forecasts of economic inflows and outflows that are subject to future market conditions.

See Notes 2 and 6 to the accompanying consolidated financial statements for disclosures on goodwill recognized by the Company for a total of MXN 3,084 million arising on the acquisition of the subsidiaries described in such notes.

How we responded to this key audit matter

Our audit procedures consisted of the following:

a) We assessed the design of significant controls related to the impairment testing process as of December 31, 2019; b) We assessed the key assumptions and methods used by Management to calculate impairment in accordance with the applicable accounting requirements. We received assistance from our own specialists for the audit procedures applied with respect to this point; c) We assessed the valuation model used to ensure appropriate measurement techniques were applied to determine the present value of future cash flows; d) We assessed the Company’s business plan, taking into account the financial projections used by Company management for the impairment testing of the Cash Generating Units (CGUs) within the audit scope; e) We assessed the composition of each CGU and the assets subject to impairment testing within each CGU. We compared the revenue and profit margin forecasts for a CGU sample against the budgets approved by Company management; f) We assessed the key assumptions taking into account the highly sensitive nature of the inputs used in an impairment analysis, such as the discount rate and the expected revenue increase rate, and compared these assumptions against key data from external sources; g) We independently re-performed the arithmetic calculation using the valuation methods applied by the Company, taking into account the consistency of the CGU grouping criteria; and h) We assessed the disclosures related to goodwill in the consolidated financial statements as of December 31, 2019.

- Revenue from cash equities, issuers and Central Securities Depository services

Why the matter was determined to be a key audit matter

Revenue from cash equities corresponds to operating fees (stock trading) charged to customers trading on the stock exchange. Revenue from issuers correspond primarily to listing and maintenance fees charged to issuers trading in the stock exchange. Revenue from Central Securities Depository services corresponds to commissions earned from customers that utilize the Company's services. We consider this revenue to be a key audit matter since the calculation relies on a variety of highly automated processes, which are strictly regulated and must be charged to customers based on rates previously approved by the National Banking and Securities Commission (CNBV, Spanish acronym).

See Note 2 to the accompanying consolidated financial statements for revenue recognition policies corresponding to revenue from cash equities, issuers and Central Securities Depository services, totaling MXN 2,094 million.

How we responded to this key audit matter

Our audit procedures consisted of the following: a) We assessed the calculation and recognition processes applied by Management for revenue from cash equities, issuers and Central Securities Depository services; b) We assessed the design of significant controls over the revenue recognition process for 2019; c) We performed substantive audit procedures to assess the integrity of operating information that gives rise to the recognition of book income; d) We selected a representative sample of revenue from cash equities, issuers and Central Securities Depository services and recalculated the revenue for such sample applying the CNBV-approved rates for each type of revenue; e) We selected a representative sample of revenue from cash equities, issuers and Central Securities Depository services and compared the revenue against the invoices and billings shown in the Company's banking statements; and f) We assessed the disclosures related to revenue in the consolidated financial statements as of December 31, 2019.

Other information included in the annual report

Management is responsible for the other information. The other information comprises the information included in the annual report filed in accordance with the General Rules Applicable to Securities Issuers and other stock market participants issued by the CNBV; but does not include the consolidated financial statements and our auditor's report thereon. We expect to obtain the other information after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information when we have access to it and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read and consider the Annual Report filed with the CNBV, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and to issue a statement on the Annual Report required by the CNBV that contains a description of the matter.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the accompanying consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The partner in charge of the audit resulting in this independent auditor's report is the undersigned.

This Independent Auditor's Report and the accompanying financial statements have been translated into English for convenience purposes only.

Mancera, S.C.
A Member Practice of
Ernst & Young Global Limited

C.P.C. Gabriel Alejandro Baroccio

Mexico City
February 18, 2020

BOLSA MEXICANA DE VALORES, S.A.B. DE C.V. AND SUBSIDIARIES

Consolidated Statement of Financial Position

(Amounts in thousands of Mexican pesos)

Assets	As of December 31, 2019	2018
Current assets:		
Cash and cash equivalents (Note 3)	MXN 3,099,950	MXN 2,764,422
Trade receivables, net (Notes 4 and 11)	417,250	420,095
Total current assets	3,517,200	3,184,517
Non-current assets:		
Goodwill, net (Note 6)	3,083,600	3,123,600
Property, furniture and equipment, net (Note 7)	479,340	471,776
Right-of-use assets (Note 8)	195,172	-
Equity instruments (Note 5)	166,475	229,443
Intangible assets, net (Note 10)	274,844	289,218
Deferred income tax (Note 14)	48,823	42,320
Equity investments in associates and joint ventures (Note 9)	39,377	31,390
Employee benefits (Note 13)	8,468	10,952
Other assets, net	54,820	46,284
Total non-current assets	4,350,919	4,244,983
Total assets	MXN 7,868,119	MXN 7,429,500

Liabilities	As of December 31, 2019	2018
Current liabilities:		
Lease liabilities (Note 8)	MXN 98,290	MXN -
Suppliers and other accounts payable (Note 12)	455,463	468,802
Income tax payable (Note 14)	69,097	59,144
Related parties (Note 11)	8,353	11,489
Total current liabilities	631,203	539,435
Non-current liabilities:		
Employee benefits (Note 13)	5,569	2,257
Lease liabilities (Note 8)	107,523	-
Other accounts payable	63,765	47,090
Total non-current liabilities	176,857	49,347
Total liabilities	MXN 808,060	MXN 588,782
Equity (Note 15)		
Share capital	MXN 4,507,303	MXN 4,507,303
Accumulated results (Note 17a)	122,130	(32,130)
Share premium on repurchased shares (Note 17c)	211	206
Reserve for repurchase of shares (Note 17b)	500,000	402,600
Legal reserve	423,323	354,529
Net profit	1,338,105	1,375,879
Other components of equity	653	(5)
Other comprehensive loss	(80,044)	(445)
Equity holders of the parent	6,811,681	6,607,937
Non-controlling interest (Note 18)	248,378	232,781
Total equity	7,060,059	6,840,718
Total liabilities and equity	MXN 7,868,119	MXN 7,429,500

The accompanying notes are an integral part of these consolidated financial statements.

BOLSA MEXICANA DE VALORES, S.A.B. DE C.V. AND SUBSIDIARIES

Consolidated Statement of Profit or Loss

(Amounts in thousands of Mexican pesos)

	For the year ended December 31, 2019	2018
Operating activities		
Customer revenue		
Cash Equities	MXN 485,226	MXN 552,874
Issuers	614,675	694,126
Derivatives	178,078	199,672
Over-the-counter (SIF ICAP)	580,744	565,470
Central Securities Depository	994,370	886,557
Information services	546,074	468,719
	3,399,167	3,367,418
Other non-operating income	177,362	180,725
Total income	3,576,529	3,548,143
Expenses		
Personnel	(853,632)	(832,020)
Technology	(249,010)	(356,187)
Depreciation and amortization	(190,429)	(83,494)
Rent and maintenance	(64,285)	(64,871)
Fees	(171,748)	(212,245)
CNBV fees	(29,018)	(27,712)
Allowance for doubtful accounts	(753)	(4,036)
Other	(143,200)	(102,844)
Total expenses	(1,702,075)	(1,683,409)
Operating profit	1,874,454	1,864,734
Interest income (Note 23)	277,921	270,218
Interest expense (Note 23)	(102,414)	(83,346)
Share of profit of associates (Note 9)	6,839	7,296
Dividend income	7,863	10,425
Consolidated profit before income tax	2,064,663	2,069,327
Income tax (Note 14)	(619,170)	(590,752)
Consolidated net profit	1,445,493	1,478,575
Other comprehensive income, net of income tax		
Items not to be reclassified to profit or loss:		
Actuarial gain/(loss)	(5,725)	550
Valuation allowance on equity instruments	(62,955)	(6,937)
Items to be reclassified to profit or loss		
Foreign currency translation reserve of foreign subsidiaries	(23,130)	(15,249)
Consolidated comprehensive income	MXN 1,353,683	MXN 1,456,939

The accompanying notes are an integral part of these consolidated financial statements.

BOLSA MEXICANA DE VALORES, S.A.B. DE C.V. AND SUBSIDIARIES

Consolidated Statement of Comprehensive Income

(Amounts in thousands of Mexican pesos)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Consolidated net profit attributable to:		
Equity holders of the parent	MXN 1,338,105	MXN 1,375,879
Non-controlling interests	107,388	102,696
	MXN 1,445,493	MXN 1,478,575
Consolidated comprehensive income attributable to:		
Equity holders of the parent	MXN 1,259,358	MXN 1,360,416
Non-controlling interests	94,325	96,523
	MXN 1,353,683	MXN 1,456,939
Earnings per share of equity holders of the parent		
Basic and diluted earnings per share (in Mexican pesos) (Note 20)	2.26	2.32
Earnings per share of equity holders of the parent from continuing operations		
Basic and diluted earnings per share (in Mexican pesos) (Note 20)	2.26	2.32
Weighted average number of shares	592,989,004	592,989,004

The accompanying notes are an integral part of these consolidated financial statements.

BOLSA MEXICANA DE VALORES, S.A.B. DE C.V. AND SUBSIDIARIES

Consolidated Statement of Changes in Equity

For the years ended December 31, 2019 and 2018

(Amounts in thousands of Mexican pesos)

	Contributed capital	Earned capital						Other comprehensive income					
	Share capital	Accumulated results	Share premium on repurchased shares	Reserve for repurchase of shares	Reserve fund	Net profit	Other components of equity	Actuarial loss on labor obligations	Foreign currency translation reserve of foreign subsidiaries	Change in the value of financial assets	Equity holders of the parent	Non-controlling interests	Total equity
Balance as of December 31, 2017	MXN 4,507,303	MXN (3,621)	MXN 202	MXN 199,000	MXN 296,494	MXN 1,160,688	MXN 163	MXN (15,217)	MXN 30,051	MXN (49,069)	MXN 6,125,994	MXN 204,446	MXN 6,330,440
Effect of adoption of IFRS 9 (Note 2)	-	(32,100)	-	-	-	-	-	-	-	49,069	16,969	-	16,969
Restated beginning balance under IFRS 9	4,507,303	(35,721)	202	199,000	296,494	1,160,688	163	(15,217)	30,051	-	6,142,963	204,446	6,347,409
Net profit for the year	-	-	-	-	-	1,375,879	-	-	-	-	1,375,879	102,696	1,478,575
Other comprehensive income (Note 16)	-	-	-	-	-	-	-	550	(9,076)	(6,937)	(15,463)	(6,173)	(21,636)
Comprehensive income	-	-	-	-	-	1,375,879	-	550	(9,076)	(6,937)	1,360,416	96,523	1,456,939
Appropriation of net profit from prior year	-	1,102,653	-	-	58,035	(1,160,688)	-	-	-	-	-	-	-
Dividends declared (Note 15)	-	(895,413)	-	-	-	-	-	-	-	-	(895,413)	-	(895,413)
Share buybacks	-	(203,600)	-	203,600	-	-	-	-	-	-	-	-	-
Share premium	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of foreign currency translation reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	(49)	4	-	-	-	(168)	7	177	-	(29)	(2,692)	(2,721)
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(65,496)	(65,496)
	-	3,591	4	203,600	58,035	(1,160,688)	(168)	7	177	-	(895,442)	(68,188)	(963,630)
Balance as of December 31, 2018	4,507,303	(32,130)	206	402,600	354,529	1,375,879	(5)	(14,660)	21,152	(6,937)	6,607,937	232,781	6,840,718
Net profit for the year	-	-	-	-	-	1,338,105	-	-		-	1,338,105	107,388	1,445,493
Other comprehensive income (Note 16)	-	-	-	-	-	-	-	(4,382)	(11,410)	(62,955)	(78,747)	(13,063)	(91,810)
Comprehensive income	-	-	-	-	-	1,338,105	-	(4,382)	(11,410)	(62,955)	1,259,358	94,325	1,353,683
Appropriation of net profit from prior year	-	1,307,085	-	-	68,794	(1,375,879)	-	-	-	-	-	-	-
Dividends declared (Note 15)	-	(1,055,520)	-	-	-	-	-	-	-	-	(1,055,520)	-	(1,055,520)
Share buybacks	-	(97,400)	-	97,400	-	-	-	-	-	-	-	-	-
Share premium	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	95	5	-	-	-	658	4	(856)	-	(94)	(10,272)	(10,366)
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(68,456)	(68,456)
	-	154,260	5	97,400	68,794	(1,375,879)	658	4	(856)	(62,955)	(1,055,614)	(78,728)	(1,134,342)
Balance as of December 31, 2019	MXN 4,507,303	MXN 122,130	MXN 211	MXN 500,000	MXN 423,323	MXN 1,338,105	MXN 653	MXN (19,038)	MXN 8,886	MXN (69,892)	$ 6,811,681	$ 248,378	$ 7,060,059

The accompanying notes are an integral part of these consolidated financial statements.

BOLSA MEXICANA DE VALORES, S.A.B. DE C.V. AND SUBSIDIARIES

Consolidated Statement of Cash Flows

(Amounts in thousands of Mexican pesos)

	For the year ended December 31, 2019	2018
Cash flows from operating activities		
Consolidated net profit	MXN 1,445,493	MXN 1,478,575
Adjustments for:		
Depreciation and amortization	190,429	83,494
Share of profit of associates	(6,839)	(7,296)
Impairment of assets	40,000	-
Income tax recognized in profit or loss	619,170	590,752
	2,288,253	2,145,525
Changes in operating assets and liabilities:		
Financial assets at fair value	-	198,089
Trade receivables and prepaid expenses	(44,119)	(33,298)
Suppliers and related parties	(43,840)	(32,662)
Employee benefits	(394)	(3,433)
Long-term accounts payable	16,675	17,313
Income tax paid	(581,199)	(490,568)
Net cash flows (used in) from operating activities	(652,877)	1,800,966
Investing activities		
Purchase of furniture and equipment	(38,119)	(31,335)
Investments in project development	(46,070)	(63,447)
Acquisition of non-controlling interests	(14,278)	(9,631)
Dividends received	7,863	9,188
Net cash flows used in investing activities	(90,604)	(95,225)
Financing activities		
Dividends paid	(1,055,520)	(895,413)
Cash dividends paid to non-controlling interests	(68,456)	(65,496)
Bank loans	-	(589,063)
Finance lease payments	(85,268)	-
Interest paid	-	(40,537)
Net cash flows used in financing activities	(1,209,244)	(1,590,509)
Net increase in cash and cash equivalents	335,528	115,232
Cash and cash equivalents:		
At beginning of year	2,764,422	2,649,190
At end of year	MXN 3,099,950	MXN 2,764,422

The accompanying notes are an integral part of these consolidated financial statements.

(Amounts in thousands of Mexican pesos)

1. Description of the Business and Approval of the Financial Statements

a) Description of the business

Bolsa Mexicana de Valores, S.A.B. de C.V. (the Company) is authorized by the Ministry of Finance and Public Credit (SHCP, Spanish acronym) to operate as a Stock Exchange and as a self-regulated entity in accordance with the Mexican Securities Market Law (the Law). The Company is located at Avenida Paseo de la Reforma 255, Colonia Cuauhtémoc in Mexico City.

The Company's activities, in accordance with the Law and the CNBV's general rules, include establishing facilities and automated mechanisms to enable securities trading relationships and transactions. The Company's activities also include providing information on stocks traded through its platform and implementing measures to ensure that trading operations meet all applicable regulations, as well as to promote the growth of the Mexican securities market.

The Company, through its subsidiaries, operates as a stock exchange for derivatives, provides Central Securities Depository services, stock and derivative clearing services, and brokerage services.

An analysis of the Company's equity investments in its subsidiaries as of December 31, 2019 and 2018 is as follows:

Entity	% Equity interest 2019	% Equity interest 2018	Activity
MexDer, Mercado Mexicano de Derivados, S.A. de C.V. (MexDer)	97.98%	97.44%	The only derivatives exchange in Mexico. It provides facilities and other services to enable these transactions.
Corporativo Mexicano del Mercado de Valores, S.A. de C.V. (Corporativo)	100.00%	100.00%	Provides professional services comprising: (i) personnel management for BMV, Indeval, MexDer, Valmer and other related parties; and (ii) systems maintenance.
Valuación Operativa y Referencias de Mercado, S.A. de C.V. (Valmer)	99.99%	99.99%	Provides pricing information for government and corporate bonds, stocks and warrants, and offers risk management advisory services.

2.

Entity	% Equity interest 2019	% Equity interest 2018	Activity
SIF ICAP, S.A. de C.V. (SIF ICAP)	50.00%	50.00%	Provides financial brokerage services with debt instruments registered in the National Securities Registry (RNV). Owns 100% of the shares of SIF-ICAP Chile Holding Limitada, a financial brokerage for derivatives.
SIF ICAP Servicios, S.A. de C.V. (SIF Servicios)	50.00%	50.00%	Provides professional and personnel services to SIF-ICAP.
Fideicomiso F/30430 Asigna, Compensación y Liquidación (Asigna)	93.33%	90.00%	Provides clearinghouse services for derivatives contracts in MexDer. The Company, through its equity investment in PGBMV, indirectly owns 20.76% of Asigna's Trustee rights.
Participaciones Grupo BMV, S.A. de C.V. (PGBMV)	99.99%	99.99%	A spin-off from Indeval; acquires CCV's representative shares and inherited all of Indeval's fiduciary rights in Asigna.
Contraparte Central de Valores de México, S.A. de C.V. (CCV)	99.97%	99.97%	Counterparty for the clearing of transactions in capital markets. CCV helps reduce compliance risk for securities transactions in capital markets carried out by settling and non-settling agents of transactions in the Company and regulated by the Law. CCV defines and applies the safeguard systems for those transactions in which it acts as the counterparty to ensure security in such transactions. The Company, through its equity investment in PGBMV, indirectly owns 50.93% of CCV.
S.D. Indeval, Institución para el Depósito de Valores, S.A. de C.V. (Indeval)	97.56%	97.56%	Indeval acts as a depository for custody of securities registered in the RNV and provides securities management services related to clearing of securities in the terms of the Law and the CNBV's general rules.

Entity	% Equity interest 2019	% Equity interest 2018	Activity
Intergloval BMV, S.A. de C.V.	100.00%	100.00%	Provides reception, validation, routing and courier services, domestically and abroad, using standard communication protocols, electronic and optical means, to Mexican and foreign financial entities.
Latam Exchanges Data México, S.A. de C.V.	51.00%	-	It is focused on hosting technical and production infrastructure, as well as providing top-level support for the services of promotion, generation, distribution and sale of information on Latin American financial markets that it carries out. Latam Exchanges Data, Inc. (LED México)

b) Approval of consolidated financial statements

On February 18, 2020, the consolidated financial statements and these notes were authorized by the Company's General Director, José Oriol Bosch Par, and the Administrative and Finance Director, Ramón Güemez Sarre, for their issue and subsequent approval at the Ordinary Shareholders' Meeting on April 24, 2020 by the Board of Directors and shareholders, who have the authority to modify the financial statements.

c) Significant events in 2019 and 2018

- Significant events in 2019

i) Dividends declared and paid in 2019

At an Ordinary Shareholders' Meeting held on April 29, 2019, the Company's shareholders declared a dividend of MXN 1,055,520, equal to MXN 1.78 per share for all current outstanding shares, to be paid from the Net Taxed Profits Account (CUFIN). Such dividend was paid on May 13, 2019.

On this same date, the shareholders agreed to increase the maximum amount that can be used to purchase treasury shares to up to MXN 500,000, which will remain unchanged until it is subsequently revised at an Ordinary Shareholders' Meeting and all requirements under Article 56 of the Law are met.

ii) Purchase of stocks of fiduciary rights of Asigna

During 2019, three Asigna´s fiduciary rights certificates were purchased, one on February 25 for MXN 2,503 and two more on October 25 for MXN 2,490, each. With this acquisition, the direct and indirect shareholding amounts to 93.33%.

iii) Purchase and sale of MexDer shares

During 2019 three MexDer´shares were purchased, one on February 25 for MXN 185 and two more on October 25 for MXN 185 each, the shareholding amounts to 97.98%.

iv) Operations in Latam Exchanges Data INC and Participation in the capital stock of Latam Exchanges Data México

On September 19, 2019, the Company made a second capital contribution to Latam Exchanges Data INC for USD 735.

On March 6, 2019, the Company made a capital contribution to Latam Exchanges Data México for MXN 1,020.

- Significant events in 2018

i) Dividends declared and paid in 2018

At an Ordinary Shareholders' Meeting held on April 27, 2018, the Company's shareholders declared a dividend of MXN 895,413, equal to MXN 1.51 per share for all current outstanding shares, to be paid from the Net Taxed Profits Account (CUFIN). Such dividend was paid on May 13, 2018.

On this same date, the shareholders agreed to increase the maximum amount that can be used to purchase treasury shares to up to MXN 402,600, which will remain unchanged until it is subsequently revised at an Ordinary Shareholders' Meeting and all requirements under Article 56 of the Law are met.

ii) Equity investment in Latam Exchanges Data INC.

On July 26, the Company entered into an agreement with Bolsas y Mercados Españoles (BME) to incorporate two new entities to promote the creation, distribution and sale of information on Latin American financial markets.

iii) Early payment of bank loan

At a Board of Directors' meeting held on October 16, 2018, the Board of Directors agreed to an early payment of MXN 617,417, corresponding to the outstanding balance on the loan with BBVA Bancomer, S.A., I.B.M., with an effective income rate of MXN 12,183, without penalty to the Company.

iv) Fundación Cultural Grupo BMV, A.C.

On March 1, 2018, Fundación Cultural Grupo BMV, A.C. (the Association) was incorporated with an initial contribution of MXN 100, which is not recoverable and was recognized as an expense by the Company. The Association will promote and encourage educational and cultural activity, as well as music and plastic arts, and cultural activities related to knowledge and understanding of the securities and derivatives markets, among others. The Company owns a 60% stake in the Association. The Association is not subject to consolidation.

2. Summary of Significant Accounting Policies

a) Compliance with International Financial Reporting Standards

The accompanying consolidated financial statements as of December 31, 2019 and 2018 have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

b) Basis of presentation

The consolidated financial statements as of December 31, 2019 and 2018 have been prepared on a historical cost basis, except for financial assets at fair value and defined benefit obligations at fair value, as explained further below.

The Company classifies its expenses by function in the consolidated statement of profit or loss.

The Company prepares its consolidated statement of cash flows using the indirect method.

i. Historical cost

Historical cost is generally equal to the fair value of the consideration paid for goods and services at the date of the transaction.

ii. Fair value

Fair value is the price to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability that market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16, Leases, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2, Inventories, or value in use in IAS 36, Impairment of Assets.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;

Level 3 - Unobservable inputs for the asset or liability.

As of December 31, 2019 and 2018, the fair values of the Company's financial assets and liabilities do not differ significantly from their carrying amounts.

c) Functional and presentation currency

The consolidated financial statements are presented in Mexican pesos, which is the Company's functional currency. Except where otherwise indicated, the amounts shown in the accompanying financial statements and these notes are in thousands of Mexican pesos.

d) Basis of consolidation of financial statements

The consolidated financial statements comprise the financial statements of the Company and those of its subsidiaries. Control is obtained when the Company has:

- Power over the investee
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

When the Company has less than a majority of the voting, or similar, rights of an investee, it has power over the investee when the voting rights grant it the practical ability to direct the investee's activities unilaterally. When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The size of the investor’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- Potential voting rights held by the investor, other vote holders or other parties;

- Rights arising from other contractual arrangements; and

- Any additional facts and circumstances that indicate the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders’ meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Company’s accounting policies.

All intercompany balances and transactions (assets, liabilities, equity, revenue, expenses and cash flows) have been eliminated on consolidation.

- Changes in ownership interests of existing subsidiaries

Changes in the Company’s ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. When the proportion of the equity held by non-controlling interests changes, the Company shall adjust the carrying amounts of the controlling and non-controlling interests to reflect the changes in their relative interests in the subsidiary. The Company shall recognize directly in equity any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received, and attribute it to the owners of the parent.

When the Company loses control over a subsidiary, the gain or loss on the disposal of the shares shall be calculated as the difference between (i) the fair value of the consideration received, and (ii) the carrying amount of the assets and liabilities of the subsidiary prior to the loss of control and any non-controlling interests.

Amounts corresponding the equity investment in the subsidiary that were previously recognized in other comprehensive income shall be recognized based on the accounting treatment applicable to the disposal of the related assets and liabilities (that is, they shall be reclassified to profit or loss or recognized directly in other components of equity, as permitted under the applicable IFRS).

Associates - An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies. An investment in an associate or joint venture is accounted for using the equity method from the date on which it becomes an associate or joint venture.

e) Significant accounting judgments, estimates and assumptions

In the process of applying the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amount of assets and liabilities that are not easily observable from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

- Fair value measurement of financial instruments

Fair value is determined primarily on the basis of prices quoted in an active market.

- Impairment of financial assets

    i) Allowance for doubtful accounts

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. The Company takes into account its past collection experience to calculate impairment in its trade receivables.

Trade receivables that are specifically identified as potentially uncollectible are charged to the allowance account. Subsequent recovery of previously recognized impairment losses are reversed by adjusting the allowance account. The amount of the reversal is recognized in profit or loss.

The average credit term extended by the Company to its customers is 30 days. The Company creates an allowance for doubtful accounts on the balance of accounts receivable that are more than 90 days old, while also taking into consideration its past collection experience and its current financial situation.

For financial assets carried at amortized cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The new approach is structured in three stages from initial recognition of the financial instrument, which are based on the risk grade of the credit and credit exposures where there has been a significant increase in credit risk since initial recognition. IFRS 9 provides for a "simplified" approach, which does not require financial instruments to be classified into one of the three stages and allows entities to recognize expected credit losses over the lifetime of the trade receivable. The simplified impairment model is applicable to the Company's trade receivables.

ii) Impairment of equity instruments designated at fair value through OCI

Equity instruments designated at fair value through OCI are not reviewed for impairment.

- Impairment of non-financial assets

The carrying amount of the Company's non-financial assets, other than deferred tax assets (please refer to the section on impairment of deferred taxes), is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets with indefinite useful lives or that are not yet available for use, recovery values are estimated every year on the same dates.

For purposes of goodwill impairment testing, goodwill that is acquired through a business acquisition is distributed among the group of cash generating units that are expected to benefit from the synergies of the combination. This distribution is subject to an operating segment cap test and reflects the lowest level at which goodwill is monitored for internal reporting purposes.

If there are indicators that a corporate asset may be impaired, the Company determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized for the asset in prior years.

- Defined benefits

The net cost of the defined benefit pension plan and the present value of these labor obligations are determined using actuarial valuations. Actuarial valuations require the use of various assumptions. These include the determination of the discount rate, future salary increases, and mortality, disability, employee turnover rates, as well as certain financial and demographic assumptions. Due to the complexity of these valuations, the underlying assumptions they depend on and their long-term nature, the defined benefit obligation is very sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

- Deferred taxes

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. This reduction is reversed when the likelihood of generating future taxable earnings increases.

- Lawsuits and litigation

The Company is party to several lawsuits and labor claims arising from its normal course of business. Company management does not expect the outcomes of these lawsuits to have a material effect on the Company's financial position or its future operating results.

- Leases

Determining the lease term in leases with renewal and termination options – Company as a lessee

The Company considers the lease term to be the non-cancelable period of a lease.

The Company applies judgement to determine whether it is reasonably certain that it will exercise its option to renew or terminate a lease by considering all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to renew or terminate the lease. After the lease commencement date, the Company reassesses the lease term upon the occurrence of either a significant event or a significant change in circumstances that (i) is within the control of the Company and (ii) affects whether the Company is reasonably certain to exercise or not exercise an option to renew or terminate the lease.

The Company includes the extension periods as part of the lease term for leases of computer and server equipment with shorter non-cancelable periods (i.e. three to five years). For leases with longer non-cancelable periods, the extension periods are not included as part of the lease term since the Company is not reasonably certain that the lease will be renewed. As of December 31, 2019, the Company has not renewed the terms of its current leases.

Lease classification – Company as a lessor

The Company classifies its leases based on an assessment of their contractual terms and conditions, including: i) whether the lease term is not for the major part of the economic life of the underlying asset; ii) whether the present value of the lease payments does not represent substantially all of the fair value of the underlying asset; and iii) whether the lease does not transfer substantially all of the risks and rewards incidental to ownership of the underlying asset. Leases that meet these conditions are classified as operating leases.

Leases – Estimating the incremental borrowing rate

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate reflects the amount that the Company would "have to pay" and the Company must use estimates to determine this rate when there are no readily observable rates (such as for subsidiaries that do not carry out financing transactions) or when the rates must be adjusted to reflect the terms and conditions of the lease (e.g., when the lease is denominated in a currency other than the subsidiary's functional currency). The Company estimates the incremental borrowing rate using observable inputs (such as market interest rates) when they are readily available and must also use certain entity-specific estimates (such as a subsidiary's stand-alone credit rating). As of December 31, 2019, the incremental borrowing rate used by the Company was 2.51%.

f) Cash and cash equivalents

Cash and cash equivalents principally consist of petty cash and highly liquid investments with maturities of no more than three months, including short-term repo transactions, which are not exposed to a significant risk of change in their value, and are used mainly to fund the Company's short-term obligations.

g) Trade receivables

Trade receivables are financial assets with fixed or determinable payments and are initially measured at their fair value plus costs directly attributable to the transaction. Subsequent to initial recognition, trade receivables are measured at amortized cost less any impairment losses. Receivables include trade receivables and other accounts receivable.

h) Goodwill

Goodwill arising from business combinations is recognized at the cost determined on the acquisition date of the business, net of any accumulated impairment losses.

Goodwill represents the difference between the acquisition cost and the fair value of the net assets acquired at the purchase date. Goodwill is considered to have an indefinite life and is therefore not amortized, but instead is subject to impairment testing at the end of the reporting period, or whenever there are indicators of impairment.

Impairment losses are recognized when the carrying amount of goodwill exceeds its recoverable amount (the greater of the asset’s net selling price and its value in use). For the year ended December 31, 2019, the Company recognized a loss for MXN 40,000 from impairment in the value of goodwill. For the year ended December 31, 2018, the Company recognized no loss from impairment in the value of goodwill.

i) Property, furniture and equipment

- Recognition and measurement

Property, furniture and equipment is initially measured at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Costs include all expenditures directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

For property, furniture and equipment made up of components with different useful lives, the major individual components are depreciated over their individual useful lives.

Any gain or loss arising on the sale of an item of property, furniture and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognized on a net basis in profit or loss.

- Subsequent costs

The cost of replacing part of an item of property, furniture and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the asset will flow to the Company and its cost can be measured reliably. The carrying amounts of replaced parts are derecognized. Repair and maintenance costs are expensed as incurred.

- Depreciation

Depreciation is calculated at the cost of the asset or the value that comes to replace it.

Depreciation of property, furniture and equipment is recognized in profit or loss on a straight-line basis (since management considers that this method best reflects the use of these assets) and over the estimated useful lives of the assets, as follows:

Property (excluding land)	30 years
Computer equipment	3 years
Office furniture and equipment	10 years
Automotive equipment	On 2018, 2 and 3 years On 2019, 4 years

The residual values, useful lives and methods of depreciation of furniture and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

j) Financial assets and financial liabilities

- Recognition

IFRS 9 has three categories in which financial assets are classified: a) amortized cost, b) fair value through other comprehensive income (FVOCI), and c) fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is determined by both the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset.

The Company's financial liabilities include borrowings, suppliers and accounts payable, bank loans and long-term payables.

i) Financial assets carried at amortized cost

The Company measures its financial assets at amortized cost if both of the following conditions are met:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method, less any impairment losses. Gains and losses are recognized in profit or loss when the assets are derecognized, modified or impaired.

The Company's financial assets carried at amortized cost comprise cash and cash equivalents, trade receivables and related party receivables, included under financial assets.

ii) Debt and equity instruments measured at fair value through other comprehensive income

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model in which assets are managed to achieve a particular objective by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

As of December 31, 2019 and 2018, the Company does not have any debt instruments measured at FVOCI.

Equity instruments represent investments that the Company intends to maintain in the long term for strategic purposes.

iii) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, and financial assets that must be mandatorily measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented in the statement of comprehensive income.

As of December 31, 2019 and 2018, the Company does not have any financial instruments measured at FVTPL.

- Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when the rights to the cash flows from the asset have expired.

- Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

A financial liability is derecognized when the associated obligation is discharged or cancelled, or has expired.

On October 31, 2018, the Company made early repayment of the outstanding balance of its bank loan with BBVA Bancomer, S.A. I.B.M. of MXN 617,417, with an effective income rate of MXN 12,183, which corresponds to the present value valuation of the loan and was recognized in full at the date of the early repayment of the loan principal rather than being amortized over the originally agreed term.

Early repayment of this loan was without penalty to the Company and was authorized at the Board of Directors' meeting held on October 16, 2018.

Interest paid on this loan in 2018 was MXN 40,537.

-Offsetting financials asset and financial liabilities

A financial asset and a financial liability shall be offset and the net amount presented in the statement of financial position when, and only when, an entity currently has a legally enforceable right to set off the recognized amounts; and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

k) Intangible assets

- Intangible assets acquired separately

Intangible assets with finite useful lives acquired separately are carried at cost less any accumulated amortization and accumulated impairment losses. Amortization is determined on a straight-line basis over the estimated useful lives of the assets. The estimated useful lives and methods of amortization are reviewed at each financial year-end and adjusted prospectively, if appropriate.

- Internally generated intangible assets – research and development expenditures

Research and development expenditure are recognized as an expense during the period in which they are incurred.

An intangible asset arising from development (or from the development phase of an internal project) shall be recognized if, and only if, an entity can demonstrate all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

The cost of an internally generated intangible asset is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria. When an internally generated intangible asset does not meet the recognition criteria, development expenditure is recognized as an expense during the period.

After initial recognition, internally generated intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. The amortization periods for internally generated intangible assets have been determined to be 7 to 10 years based on the assessments performed by the relevant area.

- Derecognition of intangible assets

Intangible assets are derecognized upon disposal or when no future economic benefits are expected from their use or disposal. The gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset. This gain or loss is recognized in profit or loss when the asset is derecognized.

l) Income tax

Income tax expense is the aggregate amount of current tax and deferred tax. Current and deferred taxes are recognized as either income or an expense in profit or loss, except for tax items that must be recognized as other comprehensive income items or in equity.

- Current income tax

Current income tax is the Company's income tax expense for the year and it is recognized in profit or loss.

- Deferred income tax

Deferred taxes are recognized by applying the applicable tax rate to temporary differences resulting from the comparison of the book and tax values of assets and liabilities and, when applicable, deferred tax assets also include the available tax loss carryforward benefit and certain tax credits. Deferred tax liabilities are recognized for all temporary differences, with certain exceptions. The Company recognizes a deferred tax asset for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. Deferred tax assets and liabilities are not recognized when the deductible temporary difference arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and deferred tax assets shall reflect the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

- Uncertain tax positions

The Company assesses whether it has any uncertain tax positions at the reporting date in accordance with IFRIC Interpretation 23, Uncertainty over Income Tax Treatments, in order to measure the potential impact on its consolidated financial statements.

As of December 31, 2019 and 2018, management determined that it doesn’t hold uncertain tax positions.

m) Employee benefits

Contributions to defined benefit retirement plans and defined contributions are recognized as an expense when employees have rendered service entitling them to the contributions.

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Actuarial gains and losses exceeding 10% of the present value of the Company’s defined benefit obligation or the fair value of plan assets at the end of the previous reporting period (whichever is greater) are amortized over the average remaining working lives of the employees under the plan. Past service costs are recognized immediately as the benefits accrue, or otherwise are amortized on a straight-line basis over the average remaining period until the benefits become vested.

The defined benefit retirement plan obligation recognized in the statement of financial position comprises the present value of the defined benefit obligation, plus or less the effect of unrecognized actuarial gains and losses and past service costs, and less the fair value of the plan assets. The value of any defined benefit asset is restricted to the sum of any unrecognized actuarial losses and past service costs, plus the present value of any refunds from the plan or reductions in the future contributions to the plan.

Short-term employee benefits are measured on an undiscounted basis and charged to profit or loss as the services are rendered.

The Company recognizes a liability for the amount it expects to pay under its short-term bonus plans or employee profit sharing plans whenever it has present obligations (legal or constructive) resulting from a past event and the amount of the obligation can be reasonably estimated.

- Pension plan

The Company has a pension plan with two components: (a) a defined contribution plan covering employees who were less than 45 years old as of January 1, 2004; or who are more than 45 years old and have worked for the Company for less than 5 years (Group 1); and (b) a defined benefit plan covering employees who were more than 45 years old as of January 1, 2004 and who have worked for the Company for at least 5 years (Group 2). The amounts of defined benefits are based on the number of years of service and the salaries of employees during their last three years of service. Employees who are more than 60 years old and have worked for the Company for 30 years, and employees who are more than 65 years old, are entitled to retirement benefits.

The Company's defined benefit plan contributions are determined as 8.5% of each respective worker’s salary.

The defined benefit plan includes only employees who are more than 45 years old and have worked for the Company for at least 5 years. When an employee retires after the age of 60, they receive a lump sum payment equal to a certain number of months’ wages based on their seniority.

All other personnel stopped accruing benefits under this plan and instead are affiliated to the new defined contributions plan with minimum benefit guarantees. Under this plan, when an employee retires after the age of 60, they receive the total balance of their individual account, with a minimum guaranteed amount equal to two-thirds of their monthly wage multiplied by the number of years of services, plus 4.5 units. If an employee separates from the Company before they reach 60 years of age, they are entitled to collect a portion of their individual account based on their years of service, through prior mutual agreement. Employees are required to have 25 or more years of service to be entitled to collect the total amount in their individual account.

Due to the specific characteristics of the workers of SIF Servicios the new pension plan has different defined benefits: employees retiring after they are 60 years old receive a lump sum payment equal to one month's salary per year of service. Workers retiring before the age of 60 are entitled to a similar payment provided they have worked for the Company for at least 10 years.

- Seniority premiums

The Company's employees are entitled to receive a seniority premium equal to 12 days salary for each year of service in the following cases: a) voluntary termination when the employee has worked for the Company for at least 15 years, b) dismissal, counting the years of service from the date the employee started working for the Company or as of May 1, 1970, whichever is later, and c) death or disability. In all cases, the base salary for calculating the seniority premium is capped at two times the general minimum wage established for the economic zone where the employee provides their services.

- Recognition of defined benefit obligations

The Company annually recognizes the cost for pensions, seniority premiums and termination benefits based on independent actuarial calculations applying the projected unit credit method.

Contributions made under the defined benefit pension plan are recognized in profit or loss as incurred.

Actuarial gains and losses are recognized in other comprehensive income in the period in which they are incurred.

Company policy is to contribute the maximum amount deductible for income tax purposes to the pension plan and seniority premium fund.

- Employee profit sharing

Employee profit sharing is presented as part of personnel expenses in the statement of profit or loss.

n) Investments in associates and joint ventures

Investments in associates are accounted for using the equity method. The Company recognizes its share of profit or loss of its subsidiaries and associates in profit or loss.

o) Other assets

Other assets consist primarily of fees, prepaid insurance and unamortized expenses, and are stated at cost. Amortization is calculated on the carrying amounts of the assets on a straight-line basis over the estimated useful lives of the assets.

p) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured based on the estimated cash flows required to settle the present obligation, its carrying amount represents the present value of these cash flows (if the effect of the time value of money is material).

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognized when, an only when, it is virtually certain that the reimbursement will be received and the amount of the receivable can be measured reliably.

q) Share capital

Ordinary shares - Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary shares and share options are recognized as a deduction from equity, net of the effect of taxes.

Share buybacks - Share buybacks at measured at cost. Share buybacks are classified as treasury shares and recognized as a deduction from equity.

When treasury shares are subsequently reissued, the amount received is recognized as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premiums.

r) Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The core principle of IFRS 15, Revenue from Contracts with Customers, is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model:

1 - Identify the contract(s) with a customer
2 - Identify the performance obligations in the contract
3 - Determine the transaction price

4 - Allocate the transaction price to the performance obligations in the contract
5 - Recognize revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied; i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer.

The Company has generally concluded that it is the principal in its revenue arrangements, as follows:

- Cash Equities: Commission revenue on transactions charged to stock exchanges is recognized on a monthly basis in the consolidated statement of profit or loss and other comprehensive income as it is realized.

- Issuers: Includes the following:

i) Listing - Corresponds to issuers’ registration fees. These fees are charged at the time the issuance is placed and are effective through 31 December of the year in which they are charged. These fees are recognized as deferred revenue and amortized over the course of the year.

ii) Maintenance - Issuers’ maintenance fees for quoted securities are charged over the issuance period of the listed security. These fees are charged on an annual basis and collected in advance at the beginning of the year. These fees are recognized as deferred revenue and amortized over the course of the year.

- Derivatives: Commission revenue from derivatives trading, software licenses and information sales is recognized in profit or loss as it accrues.

Discounts are recognized based on the volume of contracts operated during the year and are netted from profit or loss of the period in which they are granted.

Derivatives revenue includes revenue from commissions earned on offsetting and settlement, management of Minimum Initial Contributions, use of the network, facilities and maintenance of systems used to clear derivatives. Commission revenue is recognized on a monthly basis in accordance with the volume of contracts, subsequent to offsetting and regardless of the date in which the derivative transaction is offset. Central Securities Depository revenue is recognized on a monthly basis in accordance with the average cash balance of Minimum Initial Contributions and managed securities of during each respective month.

- Over-the-counter (SIF ICAP): Commission revenue is recognized during the period in which the services are provided.

Revenue from service agreements is recognized based on the established rates as the services are rendered and indirect expenses are incurred.

- Central Securities Depository: Corresponds to commission revenue earned from registration and clearing and settlement of transactions. Revenue is recognized on a monthly basis in accordance with the volume of contracts operated and as services are provided after clearing and regardless of the date in which transactions settle.

- Information services: Corresponds to information services provided by the Company related to trading activity in newsletters, databases, access to the SIBOLSA Information System, information about issuers, issuances, etc. Revenue from information services is recognized in profit or loss and other comprehensive income as it accrues.

s) Other operating income

In addition to its revenue from contracts with customers, the Company obtains other operating income, as follows:

- Rental income: Income earned from leasing the Stock Exchange Floor Building to third parties and from maintenance fees, which are recognized as accrued over the lease term.

t) Finance income and borrowing costs

Finance income includes interest accrued on financial assets, dividends and foreign exchange gains. Interest income is recognized as it accrues in profit or loss, using the effective interest rate method.

Dividend income is recognized in profit or loss when the Company's right to receive the payment is established.

Borrowing costs include interest payable on loans, the effect of the discount for the passage of time and foreign exchange losses.

Foreign exchange gains and losses are recognized in the statement of profit or loss on a net basis.

u) Memorandum accounts

The Company's subsidiaries, Indeval, CCV and Asigna, recognize the Central Securities Depository and management of securities received from customers and pending transactions in memorandum accounts, as follows:

i) Indeval

- Securities deposited in Indeval vaults: Securities received from customers, which are measured in accordance with the most recent mark-to-market valuation provided by an independent price supplier.

- Government securities: Securities received from customers.

- Securities deposited abroad: Securities, such as shares from foreign entities listed in the Company's Stock Exchange, foreign debt bonds, government bonds and corporate bonds, which are stated at nominal value translated into Mexican pesos.

ii) CCV and Asigna

- Pending unsettled transactions: Security transactions scheduled by liquidating and non-liquidating agents that are recognized by CCV before their settlement date.

- Overdue payments: Obligations that were not settled by CCV liquidating agents at the scheduled date.

- Defaulted obligations: Transactions that have not been settled after both the normal and late periods for payment have expired.

v) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. All other contracts are considered service contracts.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. as follows:

Computer equipment	2 to 4 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Note 1e) provides details on the accounting policies applied with respect to the of use of estimates in the calculation of the impairment of non-financial assets.

ii) Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company presents its lease liabilities separately from other liabilities in the consolidated statement of financial position.

The Company carried out an exercise of the impacts by adoption of IFRS 16 which were disclosed in the audited financial statements of 2018 and chose to apply IFRS 16 prospectively, that is, from January 1, 2019.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss and other comprehensive income due to its operating nature. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and are recognized as an expense over the lease term on the same basis as the rental income.

The BMV leases part of its real estate investment under contracts that are renewable annually.

During the years ended December 31, 2019 and 2018, the Company registered MXN 42,347 and MXN 45,001, respectively, as Other Income in the consolidated statements of Profit or Loss with respect to operating leases, of which MXN 19,768 were made with unrelated parties of the Company as of December 31, 2019 and 2018.

w) Basis of translation of financial statements of foreign subsidiaries and associates

The financial statements of each subsidiary are presented in the currency of the economic environment in which the subsidiary operates (functional currency). As such, the Company's consolidated operating results and financial position are presented in Mexican pesos, which is the Company's functional and presentation currency.

The financial statements of the Company's foreign subsidiaries are translated into the reporting currency as required under IFRS. The financial statements are translated into Mexican pesos applying the following methodologies:

Foreign operations translate their financial statements from their recording currency to the functional currency using the following exchange rates: 1) closing rate for monetary assets and liabilities; 2) historic exchange rate for non-monetary assets and liabilities and equity accounts; and 3) exchange rate ruling on the date of transaction for revenue, costs and expenses, except for non-monetary items translated at historical exchange rates. Foreign currency gains and losses are recognized as part of Net financing income. Foreign exchange gains and losses are recognized in equity in accordance with IAS 21 The Effects of Changes in Foreign Exchange Rates.

On the disposal of a foreign operation (i.e. a disposal of the Company's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Company are reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities that do not result in the Company losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

x) Earnings or losses per share

The Company presents basic and diluted EPS attributable to ordinary equity holders of the parent. Diluted and basic EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. As of December 31, 2019 and 2018, the Company has no shares with dilutive effects.

y) Exchange differences

Transactions in foreign currencies are initially translated using the exchange rate(s) prevailing on the day of the initial transactions. Foreign currency denominated assets and liabilities are translated using the exchange rate ruling at the reporting date.

Exchange differences from the transaction date to the time foreign currency denominated assets and liabilities are settled, as well as those arising from the translation of foreign currency denominated balances at the reporting date, are recognized in the statement of income, except for those arising on foreign currency denominated loans obtained for the construction of fixed assets, as such costs are capitalized as borrowing costs during the construction period of the assets.

z) Segment information

An operating segment is a component that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Company), whose operating results are regularly reviewed by Company management to make decisions about resources to be allocated to the segment and assess its performance (see Note 24).

aa) New accounting pronouncements

The standards and interpretations that are issued, but not yet effective, up to the date of issue of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

1) Amendments to IFRS 3, Definition of a Business

The IASB issued amendments to the definition of a business in IFRS 3, Business Combinations, to help entities determine whether an acquired set of activities and assets is a business or not.

The amendments clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output.

The amendments acknowledge that despite most businesses having outputs, outputs are not necessary for an integrated set of assets and activities to qualify as a business. In order to meet the definition of a business, the acquired set of activities and assets must have inputs and substantive processes.

The determination of whether a process is substantive depends on the existence of outputs at the acquisition date. If a set of activities and assets does not have outputs at the acquisition date, an acquired process must be considered substantive only if: (a) it is critical to the ability to develop or convert acquired inputs into outputs; and (b) the inputs acquired include both an organized workforce with the necessary skills, knowledge, or experience to perform that process.

If a set of activities and assets has outputs at that date, an acquired process must be considered substantive if: (a) it is critical to the ability to continue producing outputs and the acquired inputs include an organized workforce with the necessary skills, knowledge, or experience to perform that process; or (b) it significantly contributes to the ability to continue producing outputs and either is considered unique or scarce, or cannot be replaced without significant cost, effort or delay in the ability to continue producing outputs.

The definition of the term ‘outputs’ is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.

The amendments introduced an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The amendments must be applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020, with early application permitted.

Company management is analyzing what the effect of the adoption of these amendments will have on its consolidated financial statements and accounting policies.

2) Amendments to IAS 1, Presentation of Financial Statements and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material

These amendments clarify the definition of ‘material’ in response to findings that some entities experienced difficulties when judging whether information was material for inclusion in the financial statements.

The definition of ‘material’ under IAS 1, Presentation of Financial Statements, has been replaced:

a) Old definition: Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements.

b) New definition: Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The most significant change in the definition is the use of the phrase ‘could reasonably be expected to influence’ instead of ‘could influence’, and the inclusion of the word ‘obscuring’.

The definition of ‘material’ under IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material, has been replaced with a reference to IAS 1, Presentation of Financial Statements. In addition, to ensure consistency, the IASB has amended all other standards affected by this change. These amendments are effective for annual periods beginning on or after January 1, 2020, with early adoption permitted. The amendments must be applied prospectively.

Company management is analyzing what the effect of the adoption of these amendments will have on its consolidated financial statements and accounting policies.

3. Cash and Cash Equivalents

An analysis of cash and cash equivalents as of December 31, 2019 and 2018 is as follows:

	2019	2018
Cash and cash in banks	MXN 720,857	MXN 389,499
Liquid investments	2,379,093	2,374,923
	MXN 3,099,950	MXN 2,764,422

As of December 31, 2019 and 2018, liquid investments are comprised of government securities under repos, as follows:

	2019	2018
Amount	MXN 2,379,093	MXN 2,374,923
Range of annual interest rates	7.27% a 7.30%	5.62% to 8.27%
Maturity	2 days	2 days

- Reserve of cash and Cash Equivalents

The Company maintains reserves of cash and cash equivalents for different circumstances that depend on each Subsidiary. As of December 31, 2019 and 2018, the Company's cash and cash equivalents reserves are integrated as follows:

1. CCV, 100% of the nominal Capital Stock for MXN 209,857, in both years, plus the 6-month operating expense of MXN 40,000 and MXN 31,000, respectively, giving a total restricted cash amount of MXN 249,857 and MXN 240,857, respectively.

2. Asigna, reserve to mitigate business risk which it adheres to the guidelines established by the Committee Payments and Settlement Systems and the then Technical Committee of the International Organization of Securities Commissions, derived from the mandates of the G-20 agreement of November 27, 2014, for MXN 41,951 and MXN 40,951, respectively.

3. Indeval, reserve to mitigate business risk with which it adheres to the standards applicable to the Financial Market Infrastructure, which corresponds to the average of six-month operating expenses, without considering the item of depreciations and amortizations and amounts to MXN 189,063 and MXN 149,063, respectively.

4. Accounts Receivable, net

An analysis of trade receivables and other accounts receivable as of December 31, 2019 and 2018 is as follows:

	2019		2018	
Trade receivables	MXN	318,552	MXN	322,302
Less - Allowance for doubtful accounts [(a)]	(	6,055)	(	6,859)
Trade receivables, net	MXN	312,497	MXN	315,443
Sundry debtors [(b)]		23,525		35,484
Related parties (Note 11)		81,228		69,168
Total accounts receivable, net	MXN	417,250	MXN	420,095

(a) An analysis of changes in the allowance for doubtful accounts for the years ended December 31, 2019 and 2018 is as follows:

	2019		2018	
Balance at beginning of year	MXN (	6,859)	MXN (	3,672)
Increases during the year	(	753)	(	4,036)
Charges against the allowance		1,557		849
Balance at end of year	MXN (	6,055)	MXN (	6,859)

To determine the recoverability of its trade receivables, the Company considers any change in the credit rating of the receivable from the date the credit was originally granted through the reporting date. The Company's concentration of credit risk is low because the rotation of accounts receivable is quick.

Increases and charges to the allowance for doubtful accounts for the years ended December 31, 2019 and 2018 were recorded in profit or loss. Increases and decreases to the allowance are presented as a separate line item of expenses, and recoveries are presented as part of other income.

(b) An analysis of sundry debtors as of December 31, 2019 and 2018 is as follows:

	2019		2018	
Recoverable taxes	MXN	8,827	MXN	24,992
Recoverable value added tax		4,869		3,030
Other debtors		9,829		7,462
	MXN	23,525	MXN	35,484

5. Equity Instruments

In 2013, the Company purchased 5,201,827 shares representative of the share capital of Bolsa de Valores de Lima (BLV) for an acquisition price of 56,670 Peruvian soles, equal to MXN 268,480. The acquisition of this equity investment was recorded as an available-for-sale asset valued at cost.

At the annual shareholders' meeting of BLV held on March 15, 2016, the shareholders approved a capital increase, which resulted in a reduction of the Company's equity interest in BVL. This change in equity interest gave rise to a dilution of MXN 49,069 for the Company, which was recognized in OCI.

As of December 31, 2019 and 2018, the balance of equity instruments for strategic purposes amounted to MXN 166,475 and MXN 229,443, respectively.

For the year ended December 31, 2019 and 208, the changes in the fair value of the Company's equity instruments of MXN (62,955) and MXN (6,937) were recognized in OCI.

6. Goodwill

An analysis of the Company's goodwill as of December 31, 2019 and 2018 is as follows:

	2019		2018	
Indeval	MXN	2,373,085	MXN	2,373,085
Asigna		933,662		933,662
CCV		641,853		641,853
		3,948,600		3,948,600
Less - Accumulated impairment				
Indeval		(133,000)		(133,000)
Asigna		(613,000)		(573,000)
CCV		(119,000)		(119,000)
		(865,000)		(825,000)
	MXN	3,083,600	MXN	3,123,600

Indeval

In May and June 2008, the Company entered into various purchase-sale and assignment of rights agreements. Under these agreements, the Company agreed to make an initial payment of 75% of the market value of Indeval equal to MXN 1,576,361, with the remaining 25% corresponding to a share purchase option, which the Company exercised in 2015 and 2014.

Company management analyzed the fair values of the assets acquired and liabilities assumed as a result of this transaction and recognized goodwill of MXN 2,373,085.

Asigna

In 2008, the Company acquired 69.24% of Asigna's trust beneficiary rights for MXN 865,513. At the date of acquisition, the carrying amount of these rights was MXN 121,220, and the Company therefore recognize goodwill of MXN 933,662 on this transaction.

CCV

In 2008, the Company acquired 23.05% of the shares of CCV; 21.13% through the exchange of 12,681,306 of the Company's series A shares, equal to MXN 209,242 and 1.92% through a cash payment of MXN 23,057. The carrying amount of the shares at the acquisition date was MXN 38,168, and the Company therefore recognized goodwill of MXN 641,853 on this transaction.

Impairment testing of cash generating units with goodwill

For purposes of impairment testing, in the internal monitoring performed by Management, the goodwill is assigned to the lowest level operating divisions within the same CGU as the goodwill, which do not exceed the operating segments reported in Note 24.

The Company recognized a loss for MXN 40,000 from impairment in the value of goodwill. For the year ended December 31, 2018, the Company recognized no loss from impairment in the value of goodwill.

Value in use is calculated based on the following key assumptions:

- Cash flows are projected based on past experience, actual operating results, and the 5-year business plan, as well as the budget for the current year, which is approved by the Board of Directors.

- The projections include 5 years, plus the last perpetuity flow, considering a range of revenue growth for all of the CGUs of between 2.5% to 11% during the projection period (2020-2024), an expense range of 4.1% to 5.5%, a discount rate in Mexican pesos of 10.80% (12.40% for 2018) and a perpetuity rate of 3% (3.60% for 2018). In the projection, the investment in fixed assets represents 0.002% of revenue over the projection period (approximately MXN 3.6 million annually). With respect to the related taxes, the Company considered the income tax rate for the current year and the expected rate for upcoming years of 30%.

- Operating profits assume a growth rate higher than inflation for the first 5 years, based on the information obtained from the industry analyses.

- The values assigned to the key assumptions represent Management assessment of future industry trends considering both external and internal sources.

With respect to value in use, Company management considered and analyzed the following: a) estimated future cash flows that the entity expects to obtain from the asset; b) expectations of potential variances in the amount or in the temporary distribution of such future cash flows; c) the time value of money, represented by the risk-free market interest rate; d) the price, due to the inherent uncertainty of the asset; and other factors, such as liquidity, that market participants would reflect in pricing the future cash flows that the entity expects from the asset.

7. Property, Furniture and Equipment

An analysis of property, furniture and equipment as of December 31, 2019 and 2018 is as follows:

Cost	Property	Computer equipment	Office furniture and equipment	Automotive equipment	Total
Balance as of December 31, 2017	MXN 750,707	MXN 99,643	MXN 121,252	MXN 16,941	MXN 988,543
Additions	27,580	8,856	81	-	36,517
Sales	-	(8,326)	-	(1,261)	(9,587)
Balance as of December 31, 2018	778,287	100,173	121,333	15,680	1,015,473
Additions	33,664	1,980	156	3,769	39,569
Sales	-	(1,529)	(816)	(3,177)	(5,522)
Balance as of December 31, 2019	MXN 811,951	MXN 100,624	MXN 120,673	MXN 16,272	MXN 1,049,520
Depreciation					
Balance as of December 31, 2017	MXN 316,587	MXN 93,330	MXN 105,500	MXN 4,560	MXN 519,977
Depreciation for the year	18,120	5,696	6,341	1,873	32,030
Sales	-	(8,310)	-	-	(8,310)
Balance as of December 31, 2018	334,707	90,716	111,841	6,433	543,697
Depreciation for the year	20,776	4,940	1,658	2,898	30,272
Sales	-	(1,167)	(666)	(1,956)	(3,789)
Balance as of December 31, 2019	MXN 355,483	MXN 94,489	MXN 112,833	MXN 7,375	MXN 570,180
Balance as of December 31, 2018	MXN 443,580	MXN 9,457	MXN 9,492	MXN 9,247	MXN 471,776
Balance as of December 31, 2019	MXN 456,468	MXN 6,135	MXN 7,840	MXN 8,897	MXN 479,340

As of December 31, 2019 and 2018 property includes land with a value of MXN 132,765.

8. Leases

Leases of computer equipment and server generally have lease terms between 2 and 4 years. The lease payments generally are quarterly.

Generally, each lease establishes a restriction that, unless there is a contractual right for the BMV to sublet the asset to a third party, the right-of-use asset can only be used by the BMV. Leases are not cancelable or can only be canceled if a significant penalty for termination is incurred. Some leases contain the option to buy the underlying asset leased at the end of the contract or to extend the lease for a longer term. The Company is prohibited from selling or pledging the underlying asset.

Set out below are the carrying amounts of right of use assets recognized and the movements during the period:

	Total
As of January 1, 2019	MXN 161,449
Additions	133,436
Depreciation	(99,713)
As of December 31, 2019	MXN 195,172

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2019
As of January 1, 2019	MXN 161,449
Additions	133,436
Accretion of interest	3,227
Revaluation	(7,031)
Payments	(85,268)
As of December 31, 2019	MXN 205,813
Current	MXN 98,290
Non-current	MXN 107,523

The following are the amounts recognized in profit or loss:

	2019	2018
Depreciation of right of use assets	MXN 30,272	MXN 28,125
Depreciation of property, plant and equipment	99,713	-
Total depreciation	129,985	28,125
Amortization of intangible assets	60,444	55,369
Total	MXN190,429	MXN 83,494

9. Equity Investments in Associates and Joint Ventures

An analysis of equity investments in associates and joint ventures as of December 31, 2019 and 2018 is as follows:

Company	Equity interest	Equity investment	Share of profit
		December 31, 2019	
Bolsa de Productos Agropecuarios	14.30%	MXN 10,918	MXN 167
Datos Técnicos, S.A. (Datatec)	50.00%	12,519	10,934
Latam Exchanges Data, Inc.	49.00%	15,940	(4,262)
		MXN 39,377	MXN 6,839

Company	Equity interest	Equity investment	Share of profit
		December 31, 2018	
Bolsa de Productos Agropecuarios	14.30%	MXN 12,080	MXN (18)
Datos Técnicos, S.A. (Datatec)	50.00%	12,444	10,039
Latam Exchanges Data, Inc.	49.00%	6,866	(2,725)
		MXN 31,390	MXN 7,296

In 2018, the Company contributed USD 490,000 equal to MXN 6,866, for an equity investment in the foreign entity, Latam Exchanges Data, Inc. This investment was authorized by the Company at the meeting of the Board of Directors held on July 18, 2018.

10. Intangible Assets, net

An analysis of intangible assets as of December 31, 2019 and 2018 is as follows:

	Software use licenses [1]	Investment for Monet development	SCO project	Other [2]	Total
Balance as of December 31, 2017	MXN 9,129	MXN 117,155	MXN 79,369	MXN 75,487	MXN 281,140
Additions	49,453	6,960	-	7,034	63,447
Amortization	(9,062)	(28,620)	(12,084)	(5,603)	(55,369)
Balance as of December 31, 2018	MXN 49,520	MXN 95,495	MXN 67,285	MXN 76,918	MXN 289,218
Additions	6,259	-	-	39,811	46,070
Amortization	(10,873)	(34,128)	(12,084)	(3,359)	(60,444)
Balance as of December 31, 2019	MXN 44,906	MXN 61,367	MXN 55,201	MXN 113,371	MXN 274,844

(1) In 2019, the additions of software use licenses in the amount of MXN 6,259, correspond primarily to investments in licenses for: a) Proyecto Infomatc for MXN 5,477and b) other sundry licenses for MXN 782.

During the year ended as of December 31, 2018, the additions of software use licenses of MXN 49,453 correspond primarily to investments in licenses for: a) Trading DATATEC for MXN 20,516; b) ERP Dynamics 365 for MXN 11,801; c) Automatización SIC for MXN 9,373; d) Proyecto de Ciberseguridad for MXN 2,439; e) Motor de Riesgos y Cámara de Bonos for MXN 1,540; and f) other sundry licenses for MXN 3,784.

(2) During the year ended as of December 31, 2019, the additions of others MXN 39,811 include the following investments: a) Project DRP for MXN 11,712; b) Proyecto de Motor de Riesgos for MXN 10,304; c) Proyecto Cámara de Bonos for MXN 6,513; d) Proyecto Custodia for MXN 3,947; e) Proyecto Valrisk for MXN 2,946; f) Proyecto ciberseguridad for MXN 2,588 and g) Sistema Internacional de Cotizaciones de Indeval for MXN 1,801.

In 2018, the additions of MXN 7,034 include the following investments: a) Dynamics Project - ERP for MXN 2,302; b) Indeval International Trading System for MXN 2,672; c) Reference Data Project for MXN 1,118; and d) Cybersecurity Project for MXN 942.

11. Related Party Balances and Transactions

For the years ended December 31, 2019 and 2018, an analysis of transactions between the Company and its related parties not subject to consolidation is as follows:

	2019	2018
Revenue:		
Brokerage:		
ICAP Energy LLC (formerly Capital Markets, LLC) (b)	MXN 216,561	MXN 198,421
Income from recovered expenses (ICAP Energy LCC, ICAP Bio Organic, Datatec)	18,922	22,570
	MXN 235,483	MXN 220,991
Expenses:		
Brokerage:		
ICAP NY	MXN 18,053	MXN 4,663
Other:		
ICAP Energy LLC (formerly Capital Markets LLC)	4,351	4,838
ICAP Ecuador (Administrative services)	14,054	12,856
	MXN 36,458	MXN 22,357

An analysis of balances due from and to related parties as of December 31, 2019 and 2018 is as follows:

	2019	2018
Receivables: (Note 5)		
ICAP Energy LLC (formerly Capital Markets, LLC) (a)	MXN 81,228	MXN 69,168

	2019		2018	
Payables:				
ICAP Energy LLC (formerly Capital Markets LLC)	MXN	8,353	MXN	7,610
ICAP del Ecuador		-		340
ICAP Services North America		-		3,539
	MXN	8,353	MXN	11,489

(a) This receivable corresponds to fees charged in the normal course of the Company's trading.

(b) Revenue from the brokerage transactions with SIF ICAP carried out in the normal course of the Company's trading.

12. Suppliers and Other Accounts Payable

An analysis of suppliers and other accounts payable as of December 31, 2019 and 2018 is as follows:

	2019		2018	
Suppliers and other accounts payable	MXN	304,153	MXN	323,577
Dividends declared not yet paid		6,957		6,570
Withheld taxes and social security contributions		54,681		53,944
Employee performance bonus		78,589		73,382
Other		11,083		11,329
	MXN	455,463	MXN	468,802

13. Employee Benefits

An analysis of the Company's obligation for seniority premiums as of December 31, 2019 and 2018 is as follows:

	2019		2018	
Defined benefit obligation	MXN	14,525	MXN	10,043
Segregated fund		11,595		(10,634)
Net projected (asset) obligation	MXN	2,930	MXN	(591)
Net projected obligation at beginning of year	MXN	(591)	MXN	541
Net periodic benefit expense		926		1,039
Contributions to the fund		(564)		(825)
Actuarial gain to be recognized in equity		3,490		(1,344)
Seniority premiums paid		(331)		(2)
Net projected obligation at end of year	MXN	2,930	MXN	(591)

An analysis of the pension plan as of December 31, 2019 and 2018 is as follows:

	2019	2018
Defined benefit obligation	MXN 20,056	MXN 23,074
Segregated fund	(25,885)	(31,178)
Net projected asset	MXN (5,829)	MXN (8,104)

	2019	2018
Net projected asset at beginning of year	MXN (8,104)	MXN (5,804)
Net periodic benefit expense	492	787
Contributions to the fund	(1,231)	(1,639)
Actuarial (gain) loss to be recognized in equity	3,014	(1,448)
Net projected asset	MXN (5,829)	MXN (8,104)

a) Plan assets

	2019	2018
Shares	MXN 3,902	MXN 6,305
Federal government securities	21,977	35,508
Cash	7	11
	MXN 25,886	MXN 41,824

b) Changes in the present value of the net defined benefit obligations for the years ended December 31, 2019 and 2018:

	2019	2018
Defined benefit obligation as of January 1	MXN 33,118	MXN 37,033
Benefits paid	(10,986)	(4,328)
Current year service cost and interest cost	4,935	2,233
Actuarial gain recognized in OCI (see Note 13e)	7,515	(1,820)
Defined benefit obligation as of December 31	MXN 34,582	MXN 33,118

c) Changes in present value of plan assets for the years ended December 31, 2019 and 2018:

	2019	2018
Fair value of plan assets as of January 1	MXN 41,813	MXN 42,296
Contributions	1,795	2,465
Benefits paid	(10,655)	(6,937)
Expected return on plan assets	3,522	3,017
Actuarial loss recognized in OCI	1,007	(973)
Fair value of plan assets as of December 31	MXN 37,482	MXN 39,868

d) Expense recognized in profit or loss for the years ended December 31, 2019 and 2018:

	2019		2018	
Current-year service cost	MXN	2,281	MXN	2,233
Interest cost		2,654		2,610
Expected return on plan assets		(3,517)		(3,017)
	MXN	1,418	MXN	1,826

e) Actuarial gain or loss recognized in OCI:

	2019		2018	
Accumulated amount as of January 1	MXN	17,441	MXN	20,233
Recognized during the year		6,503		(486)
Other		-		(2,307)
Accumulated amount as of December 31	MXN	23,944	MXN	17,440

The basic actuarial assumptions considered in the calculation of the discount rate, return on plan assets and salary increase rate (expressed as weighted averages) are as follows:

	2019	2018
Discount rate as of December 31, (pensions and seniority premium)	6.90% and 7.30%	7.20%,7.50% and 8.00%
Expected return on plan assets as of January 1	5.00%	5.00%
Rate of future salary increases (Group 1)	4.50%	3.50% and 4.50%
Rate of future salary increases (Group 2)	3.50%	3.50%
Long-term inflation rate	3.50%	3.50%

The mortality rate is based on Mexico's publicly available mortality tables. The current age of retirement in Mexico is 65.

The calculation of the net defined benefit obligation is subject to the mortality assumptions is indicated above. As the actuarial mortality estimates continue to be updated, an increase of one year in the life expectancies shown above is considered to be reasonably possible in the coming year.

As of December 31, 2019 and 2018 the overall long-term expected return on plan assets is 5%, in both periods. This estimate is based on the expected return on the overall portfolio and not on the sum of returns on the individual categories of assets. Plan assets are invested in a mix of federal government securities and shares in order to both provide investment security and increase profitability.

14. Income Tax

The Mexican Income Tax Law (MITL) establishes a corporate income tax rate of 30% for 2019 and 2018.

An analysis of income tax recognized in profit and loss for the years ended December 31, 2019 and 2018 is as follows:

a) Income tax recognized in profit or loss:

	2019	2018
Current income tax	MXN (625,673)	MXN (590,643)
Deferred income tax:		
Generation and reversal of temporary differences	6,503	(109)
	MXN (619,170)	MXN (590,752)

b) Reconciliation of the effective income tax rate for the years ended December 31, 2019 and 2018:

	2019		2018	
	Amount	%	Amount	%
Consolidated profit before income tax	MXN 2,064,663	100	MXN 2,069,327	100
Income tax at statutory rate	(619,399)	30	(620,798)	30
Non-deductible expenses	(25,967)	(1)	(12,728)	1
Deductible inflation adjustment	23,071	1	36,582	(2)
Effects of inflation on depreciation and amortization	5,504	-	14,467	(1)
Other, net	1,890	-	(2,185)	-
	(614,901)	30	(584,662)	28
Income tax of foreign subsidiaries:	(4,269)	-	(6,090)	-
Income tax expense	MXN (619,170)	30	MXN 590,752	28

c) Deferred tax assets and liabilities

An analysis on the Company's deferred tax assets and liabilities as of December 31, 2019 and 2018 is as follows:

	Assets		Liabilities		Net	
	2019	2018	2019	2018	2019	2018
Property, furniture and equipment	MXN 19,654	MXN 19,579	MXN -	MXN -	MXN 19,654	MXN 19,579
Provisions	60,851	56,175	-	-	60,851	56,175
Intangibles and prepaid expenses	-	-	(29,975)	(32,242)	(29,975)	(32,242)
Available tax loss carryforward	22,144	21,425	-	-	22,144	21,425
Other	158	-	-	(1,821)	158	(1,821)
Less - Valuation allowance					(24,009)	(20,796)
					MXN 48,823	MXN 42,230

d) An analysis of changes in temporary differences for the years ended December 31, 2019 and 2018 is as follows:

	As of December 31, 2018	Recognized in profit or loss	As of December 31, 2019
Property, furniture and equipment	MXN 19,579	MXN 75	MXN 19,654
Provisions	56,175	4,676	60,851
Intangibles and prepaid expenses	(32,242)	2,267	(29,975)
Unrealized gain or loss on valuation of securities	-	-	-
Available tax loss carryforward	21,425	719	22,144
Other	(1,821)	1,979	158
Valuation allowance	(20,796)	(3,213)	(24,009)
	MXN 42,320	MXN 6,503	MXN 48,823

	As of December 31, 2017	Recognized in profit or loss	As of December 31, 2018
Property, furniture and equipment	MXN 14,638	MXN 4,941	MXN 19,579
Provisions	52,363	3,812	56,175
Intangibles and prepaid expenses	(25,722)	(6,520)	(32,242)
Unrealized gain or loss on valuation of securities	873	(873)	-
Available tax loss carryforward	(8,330)	29,755	21,425
Other	8,607	(10,428)	(1,821)
Valuation allowance	-	(20,796)	(20,796)
	MXN 42,429	MXN (109)	MXN 42,320

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Deferred tax asset balances which are likely to be realized may be reduced if future taxable earnings are lower than expected.

15. Equity

An analysis of the Company's equity is as follows:

a) Share capital structure

As of December 31, 2019 and 2018 the Company's share capital is MXN 4,507,303, which corresponds to fixed minimum share capital with no withdrawal rights represented by 592,989,004 common Series A Class I shares with no par value that have been fully subscribed and paid in.

b) Foreign currency translation reserve

Represents the exchange gains or losses arising on the translation of the financial statements of the Company's foreign subsidiaries.

c) Amount authorized for share repurchases

At Ordinary Shareholders' Meetings held on April 27, 2019 and April 27, 2018, the Company's shareholders agreed to increase the maximum amount allocated for share repurchases to up to MXN 500,000 and MXN 402,600, respectively.

As of December 31, 2019 and 2018 the list price of the Company's share is $ 41.34 and $ 33.49 Mexican pesos per share, respectively.

d) Reserve fund

In accordance with the Mexican Corporations Act, the Company is required to appropriate at least 5% of the net profit of each year to increase the legal reserve. This practice must be continued each year until the legal reserve reaches 20% of the value of the Company's share capital. As of December 31, 2019 and 2018, the legal reserve is MXN 423,323 and MXN 354,529, respectively.

f) Restrictions on equity

All of the Company's shares can be freely subscribed and each share series confers the same rights and obligations on the holders, except with respect to shareholders who directly or indirectly own a stake ten percent or more in brokerage firms, credit institutions, insurance and bonding companies, mutual funds, mutual fund operating companies and retirement savings fund management companies, which in no case can hold equity interest in the Company.

In addition, foreign governments cannot participate, directly or indirectly, in the Company's share capital, except in the cases set forth in the Mexican Securities Market Law.

Brokerage firms, credit institutions, insurance and bonding companies, mutual funds, mutual fund operating companies and retirement savings fund management companies, can invest in the Company's shares, with the corresponding charge to their equity.

Subscribing and paying in shares representative of the Company's share capital does not in and of itself give the holder the right to carry out transactions through the Company.

Limits on equity interest

A. No person or group of people may acquire, directly or indirectly, through one or several transactions of any kind, either simultaneous or successive, control over shares representative of the Company's share capital without express authorization from the Ministry of Finance and Public Credit.

B. Notwithstanding the restriction set forth in paragraph A above, no person or group of people may directly or indirectly acquire, through one or several transactions of any kind, either simultaneous or successive, control over shares representative of the Company's share capital that represent five percent or more of the Company's total outstanding shares, unless all of the applicable provisions set forth in the Company's bylaws are met.

g) Dividends and other changes in equity

At an Ordinary Shareholders' Meeting held on April 27, 2019, the Company's shareholders declared a dividend of MXN 1,055,520, equal to $ 1.78 Mexican pesos per share for all current outstanding shares, to be paid from the Net Taxed Profits Account (CUFIN). Such dividend was paid on May 11, 2019.

At an Ordinary Shareholders' Meeting held on April 27, 2018, the Company's shareholders declared a dividend of MXN 895,413, equal to $ 1.51 Mexican pesos per share for all current outstanding shares, to be paid from the Net Taxed Profits Account (CUFIN). Such dividend was paid on May 11, 2018.

16. Other Comprehensive Income

a) Employee benefits

	2019	2018
Balance at beginning of year	MXN (14,660)	MXN (15,217)
Actuarial loss	(4,382)	550
Other	4	7
Balance at end of year	MXN (19,038)	MXN (14,660)

b) Foreign currency translation reserve

	2019	2018
Balance at beginning of year	MXN 21,152	MXN 30,051
Reclassification of foreign currency translation reserve		
Differences in exchange rate for translation of net assets of foreign operations	(11,410)	(9,076)
Other	(856)	177
Balance at end of year	MXN 8,886	MXN 21,152

The differences in the exchange rate used to translate the net assets of the Company's foreign operations from their functional currencies to the Company's presentation currency (Mexican pesos) are recognized directly in OCI and accumulated in the foreign currency translation reserve. Gains and losses on hedges designated as hedges of net investments in foreign operations are included in the foreign currency translation reserve. Exchange differences previously recognized in the foreign currency translation reserve (arising from the translation of both the net assets of the foreign operation and the related hedges) are reclassified to profit or loss upon disposal of the foreign operation either in full or in part.

c) Change in the value of financial assets

	2019	2018
Balance at beginning of year	MXN (6,937)	MXN (49,069)
Reclassification due to adoption of IFRS 9	-	49,069
Changes in fair value of equity instruments	(62,955)	(6,937)
Balance at end of year	MXN (69,892)	MXN (6,937)

17. Retained Earnings

a) Retained earnings

	2019	2018
Beginning balance	MXN (32,130)	MXN (3,621)
Effect of adoption of IFRS 9	-	(32,100)
Restated balance due to adoption of IFRS 9	(32,130)	(35,721)
Net profits attributable to equity holders of the parent	1,375,879	1,160,688
Dividends declared	(1,055,520)	(895,413)
Share buybacks	(97,400)	(203,600)
Other comprehensive income	95	(49)
Legal reserve	(68,794)	(58,035)
Balance at end of year	MXN 122,130	MXN (32,130)

b) Reserve for repurchase of shares

	2019	2018
Balance at beginning of year	MXN 402,600	MXN 199,000
Share buybacks	97,400	203,600
Balance at end of year	MXN 500,000	MXN 402,600

c) Share premium on repurchased shares

	2019	2018
Balance at beginning of year	MXN 206	MXN 202
Capitalization of premium on repurchased shares	5	4
Balance at end of year	MXN 211	MXN 206

18. Non-controlling Interests

An analysis of non-controlling interests as of December 31, 2019 and 2018 is as follows:

	2019	2018
Balance at beginning of year	MXN 232,781	MXN 204,446
Share of profit	107,388	102,696
Dividends paid to non-controlling interests	(62,011)	(65,496)
Dividends declared not yet paid	(6,445)	-
Foreign currency translation reserve and labor obligations	(13,063)	(6,173)
Other	(10,272)	(2,692)
Balance at end of year	MXN 248,378	MXN 232,781

19. Foreign Currency Balances

As of December 31, 2019 and 2018, an analysis of the Company's net monetary asset position in U.S. dollars is as follows:

	2019	2018
Assets	USD 22,017	USD 12,829
Liabilities	(1,741)	(2,344)
Net monetary asset position	USD 20,276	USD 10,485

The Company has payment commitments in U.S dollars for operating leases of computer equipment and licenses.

As of December 31, 2019, the Company also has a monetary liability position in thousands of euros of 190.

The U.S dollar exchange rate published in the Official Gazette as of December 31, 2019 and 2018 is 19.87 Mexican pesos and 19.65 Mexican pesos, respectively, per U.S. dollar. As of February 18, 2020, the day before the date of the audit report on these consolidated financial statements, the exchange rate was 18.57 Mexican pesos per U.S. dollar.

20. Earnings per Share (in Mexican pesos)

The calculation of basic earnings per share as of December 31, 2019 and 2018 was based on the income attributable to equity holders of the parent of MXN 1,338,105 and MXN 1,375,879, respectively, and a weighted average of ordinary shares outstanding of 592,989,004. The Company does not have any ordinary shares with a potential dilutionary effect.

21. Memorandum Accounts

An analysis of customer securities received in Central Securities Depository, unsettled transactions and overdue payments as of December 31, 2019 and 2018 is as follows:

a) Customer securities received in Central Securities Depository

An analysis of securities received in Central Securities Depository as of December 31, 2019 and 2018, is as follows:

	Number of securities			Market value		
	2019	2018		2019		2018
Securities deposited in Indeval vaults	3,432,417,667,651	3,634,712,850,355	MXN	17,411,154,964	MXN	16,332,589,777
Government securities	165,145,422,571	143,148,939,520		7,851,455,285		6,694,898,173
Securities deposited abroad						
Shares of foreign companies traded on the BMV	1,858,284,096	1,465,954,501		896,802,010		771,881,706
Foreign debt and federal government bonds	229,654,418	173,001,662		75,564,991		79,132,882
Foreign private debt bonds	177,353,116	185,301,579		140,819,090		159,427,676
	2,265,291,630	1,824,257,742		1,113,186,091		1,010,442,264
Securities received in Central Securities Depository	3,599,828,381,852	3,779,686,047,617	MXN	26,375,796,340	MXN	24,037,930,214

b) Unsettled transactions

	2019		2018	
Type of security	Settlement date	Amount	Settlement date	Amount
Shares	Jan 2,-2020	MXN13,277,940	Jan-2,-2019	MXN11,236,478
Shares	Jan 3,-2020	4,814,567	Jan-3,-2019	4,749,687
		MXN18,092,507		MXN15,986,165

As of December 31, 2019 and 2018, the balance of memorandum accounts for overdue payments is MXN 17,259 and MXN 183,773, respectively.

As of December 31, 2019 and 2018 there are no defaulted obligations.

22. Financial Risk Management (unaudited information)

The Company is exposed to the following risks from its use of financial instruments:

Credit risk
Market risk
Operating risk

This note presents information about the Company’s exposure to each of the above risks, the Company’s objectives, policies and processes for measuring and managing risk, and the Company’s management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk management framework

The Company’s Board of Directors has overall responsibility for the establishment and oversight of the Company’s risk management framework. The Company has established Risk Management

Committees in its subsidiaries that act as capital markets and derivatives central counterparties.

These committees are responsible for developing and monitoring the applicable risk management policies and issuing periodic reports.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Operating risk

Operating risk is the risk of incurring in a direct or indirect loss as result of different causes related to the Company's processes, personnel, technology and infrastructure and due to external factors other than credit, market and liquidity risk, such as those arising from legal requirements and standards and in generally accepted corporate governance standards. Operating risk is present in all of the Company operations.

The Company's policy is to manage its operating risk by balancing financial loss prevention and avoiding reputational damage.

The operations of the Company's clearinghouses (Asigna and CCV) include a security network that guarantees the compliance of the transactions processed. Any defaults shall be covered with funds taken from the third party securities investment account, based on the following order of preference:

- Risk funds managed by the clearinghouses
- Mutual funds
- Equity of the clearinghouses

Senior management of each business unit is responsible for developing and implementing operating risk controls. This responsibility primarily consists of developing risk management policies to control exposure to operating risk in the following areas:

- Appropriate segregation of duties, including independent authorization of transactions
- Reconciliation and monitoring of transactions
- Compliance with legal and regulatory requirements
- Documentation of controls and procedures
- Periodic assessment of operating risks and the adequacy of the controls and procedures implemented to address the identified operating risks
- Required reporting of operating losses and proposed corrective measures
- Development of contingency plans
- Professional training and development
- Ethical and professional standards
- Mitigation of risks, including contracting of insurance where appropriate

Credit risk is the risk of financial loss to the Company if a customer fails to meet its contractual obligations, and arises primarily from the Company's accounts receivable.

Regarding investments, the Company limits its exposure to credit risk by investing exclusively in highly liquid securities with counterparties with AAA+ credit ratings, and investing no more than 30% of its total investments in equity instruments. Management constantly monitors counterparty credit ratings so it can react quickly to any reductions in the credit ratings of the securities in its portfolio.

Market risk is the risk that changes in market prices, such as prices of raw materials, foreign exchange rates, interest rates and equity prices of equity instrument will affect the Company's income or the value of its holdings of financial instruments.

The objective of the Company's market risk management is to control exposure to market risks within acceptable parameters, while optimizing resources.

The Company is exposed to foreign currency risk due to its sales, operating expenses and borrowings that are denominated in a currency other than its functional currency. The main foreign currencies the Company carries out transactions with are the U.S. dollar and the Peruvian sol.

With regard to other monetary assets and liabilities denominated in foreign currencies, the Company's policy is to ensure that its net exposure is kept at an acceptable level to cover any market contingency which may result in a significant loss.

Management of interest rate risk

The Company is exposed to interest rate risk for its loans with variable interest rates. The Company manages interest rate risk by maintaining an appropriate mix of loans at variable interest rates. In 2019, the Company early repaid the balance of its outstanding bank loan.

Capital management

The Company maintains sufficient capital to satisfy its operating and strategic investment requirements, as well as to ensure confidence among market participants. This is achieved through optimal cash management, continuous monitoring of revenue and profits, and long-term investment plans that are used to finance the Company's operating cash flows.

23. Finance Income, net

An analysis of finance income and expenses is as follows:

	2019	2018
Finance income:		
Interest on cash equivalents	MXN 186,870	MXN 210,049
Foreign exchange gain	91,051	60,169
	277,921	270,218
Finance expenses:		
Interest expense (a)	(6,569)	(29,360)
Foreign exchange loss	(92,618)	(53,986)
Interest expense on leases agreements	(3,227)	-
	(102,414)	(83,346)
Finance income, net	MXN 175,507	MXN 186,872

(a) As of December 31, 2018, interest expense includes the interest payable and commissions on the unused amounts of the bank loan of MXN 40,537. The Company repaid this bank loan early in October 2018.

24. Operating Segments

The Company has five operating segments, which represent its business units. The business units offer different services and are managed separately as they each require different strategies and technologies. Management reviews the reports prepared by each business unit at least every quarter. The main trading of each of the operating segments are described below:

Stock exchange - Stock exchange for entities registered in accordance with the Mexican Securities Market Law (the Law). This business segment is operated by BMV.

Financial derivatives - Exchange for futures and options, including facilities and other services to enable these transactions. This business segment is operated by MexDer.

Clearing - Clearinghouses for capital markets and derivatives, operated by CCV and Asigna, respectively.

Brokerage - Financial brokerage service with debt instruments registered in the National Securities Registry (RNV). This business segment is operated by SIF ICAP.

Central Securities Depository - Securities management services related to clearing of securities in terms of the Law and the CNBV's general rules. This business segment is operated by Indeval.

Some operating activities require the interaction of various operating segments. This interaction primarily involves technology services and shared personnel services. Inter-segment prices are determined on the basis of prices that are similar to the prices that would have been used with or between independent parties in comparable transactions.

The profits of each segment are used to measure performance, since Management considers this information to be the best approach to assessing the results of each segment compared to other entities engaged in the same lines of business as the Company. Below is an analysis of the results of the operating segments for the years ended December 31, 2019 and 2018.

	2019					
	Local revenue	Foreign revenue	Subtotal	Intercompany revenue/(expense)	Net profits	Operating profit/(loss)
Cash Equities	MXN 485,226	MXN -	MXN 485,226	MXN -	MXN 485,226	MXN 105,491
Cash equities trading - BMV	272,248	-	272,248	-	272,248	-
Cash equities clearing - CCV	212,978	-	212,978	-	212,978	-
Issuers	614,675	-	614,675	-	614,675	-
Listing fees - BMV	93,672	-	93,672	-	93,672	-
Maintenance fees - BMV	521,003	-	521,003	-	521,003	-
Derivatives	163,102	16,643	179,745	(1,667)	178,078	34,811
MexDer	59,410	15,485	74,895	(1,250)	73,645	-
Derivatives trading	41,146	15,485	56,631	-	56,631	-
Data Sales-MexDer	5,160	-	5,160	(774)	4,386	-
Other	13,104	-	13,104	(476)	12,628	-
Derivatives Clearing - Asigna	103,692	1,158	104,850	(417)	104,433	-
Derivatives Clearing	101,598	1,158	102,756	-	102,756	-
Data sales – Asigna	2,094	-	2,094	(417)	1,677	-
Other	170,399	414,840	585,239	(4,495)	580,744	194,885
Over-the-counter (SIF ICAP)	119,552	69,479	189,031	(587)	188,444	-
SIF Icap México	-	345,361	345,361	-	345,361	-
SIF Icap Chile	45,475	-	45,475	-	45,475	-
SIF ICAP data sales	5,372	-	5,372	(3,908)	1,464	-
Other	1,013,720	-	1,013,720	(19,350)	994,370	701,239
Central Securities Depository	1,004,509	-	1,004,509	(10,757)	993,752	-
Trading	9,211	-	9,211	(8,593)	618	-
Other	287,019	271,286	558,305	(12,230)	546,075	90,522
Information Services	142,074	45,655	187,729	(10,082)	177,647	-
Price vendor - Valmer	144,945	225,631	370,576	(2,148)	368,428	-
Data sales	3,909	17,231	21,140	(2,033)	19,107	-
Colocation	152,182	15,827	168,009	(28,993)	139,016	-
Other BMV	1,083,668	-	1,083,668	(1,064,430)	19,238	747,506
Other	MXN 3,973,900	MXN 735,827	MXN 4,709,727	MXN (1,133,198)	MXN 3,576,529	MXN 1,874,454

	2018					
	Local revenue	Foreign revenue	Subtotal	Intercompany revenue/(expense)	Net profits	Operating profit/(loss)
Cash Equities	MXN 552,874	MXN -	MXN 552,874	MXN -	MXN 552,874	MXN 144,225
Cash equities trading - BMV	316,561	-	316,561	-	316,561	-
Cash equities clearing - CCV	236,313	-	236,313	-	236,313	-
Issuers	694,126	-	694,126	-	694,126	-
Listing fees - BMV	121,720	-	121,720	-	121,720	-
Maintenance fees - BMV	572,406	-	572,406	-	572,406	-
Derivatives	184,199	17,160	201,359	(1,687)	199,672	25,581
MexDer	64,878	15,981	80,859	(1,272)	79,587	-
Derivatives trading	54,920	3,190	58,110	-	58,110	-
Data Sales-MexDer	-	12,791	12,791	(471)	12,320	-
Other	9,958	-	9,958	(801)	9,157	-
Derivatives Clearing - Asigna	119,321	1,179	120,500	(415)	120,085	-
Derivatives Clearing	117,150	152	117,302	-	117,302	-
Data sales – Asigna	-	1,027	1,027	-	1,027	-
Other	2,171	-	2,171	(415)	1,756	-
Over-the-counter (SIF ICAP)	187,421	395,693	583,114	(17,644)	565,470	202,751
SIF Icap México	122,871	72,780	195,651	(702)	194,949	-
SIF Icap Chile	-	320,267	320,267	-	320,267	-
SIF ICAP data sales	2,468	2,646	5,114	(3,918)	1,196	-
Other	62,082	-	62,082	(13,024)	49,058	-
Central Securities Depository	901,211	-	901,211	(14,654)	886,557	527,493
Trading	892,321	-	892,321	(5,916)	886,405	-
Other	8,890	-	8,890	(8,738)	152	-
Information Services	320,896	158,921	479,817	(11,098)	468,719	78,501
Price vendor - Valmer	133,074	27,245	160,319	(9,290)	151,029	-
Data sales	187,822	131,676	319,498	(1,808)	317,690	-
Colocation	16,212	-	16,212	(2,771)	13,441	-
Other BMV	172,466	-	172,466	(28,176)	144,290	840,544
Other	1,030,061	17,357	1,047,418	(1,024,424)	22,994	45,639
Revenue	MXN 4,059,466	MXN 589,131	MXN 4,648,597	MXN (1,100,454)	MXN 3,548,143	MXN 1,864,734

An analysis of the acquisitions of property, furniture and equipment and annual depreciation expense for the years ended December 31, 2019 and 2018, classified by business segment, is as follows:

	2019							
	Cash Equities	Issuers	Derivatives	Over-the-counter	Central Securities Depository	Information services	Other	Total
Acquisitions:								
Property	MXN 6,500	MXN 14,676	MXN -	MXN -	MXN -	MXN 8,796	MXN 3,692	MXN 33,664
Computer equipment	10	23	-	1,904	-	14	6	1,957
Automotive equipment	-	-	-	-	-	-	3,769	3,769
Furniture and equipment	-	-	-	143	36	-	-	179
	6,510	14,699	-	2,047	36	8,810	7,467	39,569
Depreciation expense	MXN 3,974	MXN 8,973	MXN -	MXN 4,044	MXN 1,688	MXN 5,381	MXN 6,212	MXN 30,272

	2018							
	Cash Equities	Issuers	Derivatives	Over-the-counter	Central Securities Depository	Information services	Other	Total
Acquisitions:								
Property	MXN 5,875	MXN 12,882	MXN -	MXN 27	MXN -	MXN 5,896	MXN 2,900	MXN 27,580
Computer equipment	92	202	-	1,794	-	93	75	2,256
Automotive equipment	-	-	-	-	-	-	3,203	3,203
Furniture and equipment	95	209	-	229	-	96	47	676
	6,062	13,293	-	2,050	-	6,085	6,225	33,715
Depreciation expense	MXN 3,665	MXN 8,037	MXN -	MXN 4,585	MXN 1,812	MXN 3,702	MXN 6,324	MXN 28,125

An analysis of the increase in investments in intangible assets for the years ended December 31, 2019 and 2018, classified by business segment, is as follows:

	2019							
	Cash Equities	Issuers	Derivatives	Over-the-counter	Central Securities Depository	Information services	Other	Total
Software use licenses	MXN 5,656	MXN 3,516	MXN 586	MXN 218	MXN 12,775	MXN 5,053	MXN 18,266	MXN 46,070

	2018							
	Cash Equities	Issuers	Derivatives	Over-the-counter	Central Securities Depository	Information services	Other	Total
Software use licenses	MXN 3,023	MXN 3,251	MXN 3,251	MXN 20,523	MXN 3,784	MXN 1,488	MXN 28,128	MXN 63,448

An analysis of total assets by business segment is as follows:

	Cash Equities	Issuers	Derivatives	Over-the-counter	Central Securities Depository	Information services	Other	Total
2019	MXN 1,404,721	MXN 2,274,655	MXN 446,358	MXN 442,408	MXN 730,719	MXN 1,115,158	MXN 1,454,100	MXN 7,868,119
2018	MXN 1,326,413	MXN 2,147,851	MXN 421,475	MXN 417,745	MXN 689,984	MXN 1,052,992	MXN 1,373,039	MXN 7,429,500

25. Commitments and Contingent Liabilities

Commitments and payment obligation

The Company's subsidiary, Indeval, has entered into agreements with foreign custodians who bill their services in foreign currency (primarily U.S. dollars and euros) based on the Central Securities Depository volume and transfers of securities. Indeval in turn bills this consideration, plus a markup, to its customers as part of its service fees.

To carry out its activities, Indeval must have open accounts in its name in European central securities depositories (such as Clearstream and Euroclear) so as to deposit securities owned by its customers at their request. Indeval therefore has cash accounts with these foreign depositories, primarily to receive payments of principal and interest for securities. Clearstream and Euroclear can apply a reversal process for payments of principal and interest, which involves reversal of the credits made to Indeval's cash accounts, without any justification being provided by the central depositories. These reversals are usually caused by the issuer's financial agent providing incorrect or late information. In these cases, Indeval must ask its depositors in Mexico to whom the payments of principal and interest that were reversed in full or in part were made to return the corresponding amounts. Although to date Indeval has recovered the amounts claimed from its depositors when cases of this kind have arisen, there is no guarantee or certainty that this will continue to occur in the future.

Lawsuits and litigation

The Company is party to several lawsuits and labor claims arising from its normal course of business. Company management does not expect the outcomes of these lawsuits to have a material effect on the Company's financial position or its future operating results.

Tax contingencies

In accordance with the current Mexican tax laws, the Company’s income tax returns are open to review by the tax authorities for a period of five years from the date they are filed.

In accordance with the Mexican Income Tax Law (MITL), companies that carry out transactions with related parties are subject to tax restrictions and obligations with respect to the determination of the prices charged, since such prices should be similar to the prices that would have been used with or between independent parties in comparable transactions. Should the tax authorities review and reject the Company’s intercompany pricing, they may demand payment of the omitted taxes, plus restatements and surcharges, as well as fines for amounts of up to 100% of the restated omitted taxes.