

**Mexico readies FX, bond conduct rules in wake of price fixing probe**

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Mexico's central bank is preparing to implement a new code of conduct governing foreign exchange and bond trading in the second half of the year, according to a copy of a presentation published Wednesday.

The announcement follows news last month of a probe by Mexico's anti-trust agency into collusion by major banks to fix prices in central bank debt auctions.

Banco de Mexico Governor Agustin Carstens gave the presentation on Monday at a closed door meeting of the International Council of Securities Associations that was hosted by the Mexican Association of Securities Intermediaries (AMIB).

Carstens said Mexico's central bank will only trade with banks that adhere to best practice forex rules, designed by the Bank for International Settlements' Foreign Exchange Working Group that are due to be published on May 25, according to the presentation.

The central bank declined a request for further comment.

Carstens said the bank will organize a local foreign exchange committee during the second half of this year to meet market players, who will have between six and 12 months to implement the code of conduct or face the ban on dealing with Banxico.

Carstens added that the central bank will continue to work with other authorities to create a code of conduct in the coming months for local fixed income markets.

The BIS code emerged out of market manipulation scandals where global banks were fined billions of dollars surrounding the fixing of the Libor rate and foreign exchange trading.