Jurisdiction: Mexico

2016 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
I.	**Hedge funds**				
1 (1)	Registration, appropriate disclosures and oversight of hedge funds	We also firmly recommitted to work in an internationally consistent and non-discriminatory manner to strengthen regulation and supervision on hedge funds. (Seoul) Hedge funds or their managers will be registered and will be required to disclose appropriate information on an ongoing basis to supervisors or regulators, including on their leverage, necessary for assessment of the systemic risks they pose individually or collectively. Where appropriate registration should be subject to a minimum size. They will be subject to oversight to ensure that they have adequate risk management. (London)	Jurisdictions should indicate the progress made in implementing the high level principles in IOSCO's *Report on Hedge Fund Oversight (Jun 2009)*, *in particular recommendations 1 and 2*. In their response, jurisdictions should specify whether: - Hedge Funds (HFs) and/or HF managers are subject to mandatory registration - Registered HF managers are subject to appropriate ongoing requirements regarding: • Organisational and operational standards; • Conflicts of interest and other conduct of business rules; • Disclosure to investors; and • Prudential regulation. Jurisdictions can also refer to Principle 28 of the 2010 IOSCO *Objectives and Principles of Securities Regulation*, and take into account the outcomes of any recent FSAP/ROSC assessment against those Principles.	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** ☐ **Implementation ongoing:** *Status of progress [for legislation and regulation/guidelines only]:* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Final rule (for part of the reform) in force since : ☑ **Implementation completed as of:** 10.01.2014 **Issue is being addressed through :** ☑ Primary / Secondary legislation ☐ Regulation /Guidelines ☑ Other actions (such as supervisory actions), please specify: The Mexican regulatory framework applicable to mutual funds does not specify the definition, nor the requirements (nor the registry) for the management or operation of a hedge fund. Whether these type of entities are structured as trusts or other type of special purpose vehicle, they are allowed	**If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:** **Planned actions (if any) and expected commencement date:** For those mutual funds that trade derivatives, operators should have in place sound risk management policies. In addition, the CNBV is still in the process of updating the secondary regulation for mutual funds, in order to define the investment regime applicable to limited-object funds, under which hedge-funds shall be registered to be able to make public offerings of their shares. **Web-links to relevant documents:**

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				to provide services only to institutional or sophisticated investors, as defined by the Securities Market Law (LMV, for its Spanish acronym). As of today the National Banking and Securities Commission (CNBV, for its acronym in Spanish) has not accepted neither the registry of a publicly offered mutual fund, on the assumption that the entity would act as a hedge fund, nor the possibility of retail investors to invest in them. **Short description of the content of the legislation/ regulation/guideline:** Within the registry process for a mutual fund (accordingly with the regulation), the CNBV would require the registry of the fund manager. Other authorized securities firms may be allowed to undertake certain activities of hedge fund management. Other collective investment schemes that are not publicly offered, are exempted to disclose regulatory requirements (i.e. financial information or regulatory reports to the CNBV). However, risks posed by hedge funds operating separately in Mexico are mitigated by the CNBV through the access to investors' accounts at regulated financial firms.	

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				Highlight main developments since last year's survey: Not applicable. **Web-links to relevant documents:** Securities Markets Law (LMV, for its acronym in Spanish). http://www.cnbv.gob.mx/Normatividad/Ley%20del%20Mercado%20de%20Valores.pdf Mutual Funds Law (LFI, for its acronym in Spanish) http://www.cnbv.gob.mx/Normatividad/Ley%20de%20Fondos%20de%20Inversión.pdf Provisions for Mutual Funds (CUFI, for its acronym in Spanish) http://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20carácter%20general%20aplicables%20a%20los%20fondos%20de%20inversión%20y%20a%20las%20personas%20que%20les%20prestan%20servicios.pdf	

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2 (2)	Establishment of international information sharing framework	We ask the FSB to develop mechanisms for cooperation and information sharing between relevant authorities in order to ensure effective oversight is maintained when a fund is located in a different jurisdiction from the manager. We will, cooperating through the FSB, develop measures that implement these principles by the end of 2009. (London)	Jurisdictions should indicate the progress made in implementing the high level principles in IOSCO's *Report on Hedge Fund Oversight (Jun 2009)* on sharing information to facilitate the oversight of globally active fund managers. In addition, jurisdictions should state whether they are: - Signatory to the IOSCO MMoU - Signatory to bilateral agreements for supervisory cooperation that cover hedge funds and are aligned to the 2010 IOSCO *Principles Regarding Cross-border Supervisory Cooperation.*	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** ☐ **Implementation ongoing:** *Status of progress [for legislation and regulation/guidelines only]:* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Final rule (for part of the reform) in force since : ☑ **Implementation completed as of:** 10.01.2014 **Issue is being addressed through :** ☑ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Short description of the content of the legislation/ regulation/guideline:** As a part of the Mexican Financial Reform enacted in January 2014, under the LMV and the Investment Fund Law (LFI, for its Spanish acronym), the Ministry of Finance and Public Credit (SHCP), the CNBV and the Banco of México are entitled to share information	**If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:** **Planned actions (if any) and expected commencement date:** The CNBV carries out an on-going assessment on any potential need to enter into a MoU with different foreign financial authorities. No planned actions are pending. **Web-links to relevant documents:**

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				(e.g. documents, registries, declarations and any other evidence) with relevant financial authorities to which Mexican authorities have signed a MoU. The CNBV became a signatory to the IOSCO MMOU on 14 March 2003. In addition, the CNBV has in place memoranda of understanding with several European financial authorities under the AIFMD framework. **Highlight main developments since last year's survey:** Not applicable. **Web-links to relevant documents:** IOSCO MMoU list of current signatories https://www.iosco.org/about/?subSection=mmou&subSection1=signatories	

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3 (3)	Enhancing counterparty risk management	Supervisors should require that institutions which have hedge funds as their counterparties have effective risk management, including mechanisms to monitor the funds' leverage and set limits for single counterparty exposures. (London) Supervisors will strengthen their existing guidance on the management of exposures to leveraged counterparties. (Rec. II.17, FSF 2008)	Jurisdictions should indicate specific policy measures taken for enhancing counterparty risk management and strengthening their existing guidance on the management of exposure to leveraged counterparties. In particular, jurisdictions should indicate whether they have implemented recommendation 3 of the IOSCO *Report on Hedge Fund Oversight (Jun 2009)*. In their responses, jurisdictions should not provide information on the portion of this recommendation that pertains to Basel III, since it is monitored separately by the BCBS. Jurisdictions can also refer to Principle 28 of the 2010 IOSCO *Objectives and Principles of Securities* Regulation, and take into account the outcomes of any recent FSAP/ROSC assessment against those Principles.	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** ☐ **Implementation ongoing:** *Status of progress [for legislation and regulation/guidelines only]:* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Final rule (for part of the reform) in force since : ☑ **Implementation completed as of:** 10.10.2015 **Issue is being addressed through :** ☑ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Short description of the content of the legislation/ regulation/guideline:** Mexico addresses the issue of counterparty risk through the Provisions for Credit Institutions (CUB for its acronym in Spanish) - secondary legislation -, which are amended regularly and allows the CNBV to	**Planned actions (if any) and expected commencement date:** No planned actions are pending. **Web-links to relevant documents:**

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				supervise banking institutions on this matter, while giving the legislators more flexibility than primary legislation to adapt the law to new scenarios. In 2014, the primary and secondary legislation were provided with increased flexibility so they could promptly adapt to new scenarios and financial schemes. The current capital rules in Mexico for credit institutions establish that holdings of shares in investment funds (including hedge funds) that are not listed in a stock exchange or when the institution holds less than 15 percent of the equity of the investment funds, must be broken down into its underlying positions, considering the participation of the institution in such investment companies and treat these positions as if they were held directly by the credit institutions. Listed holdings of shares in investment funds when credit institutions hold more than 15 percent of the shares of the investment funds must be deducted from the CET1. **Highlight main developments since last year's survey:** Not applicable. **Web-links to relevant documents:** Provisions for Credit Institutions (CUB, for its acronym in Spanish)	

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II. Securitisation					
4 (4)	Strengthening of regulatory and capital framework for monolines	Insurance supervisors should strengthen the regulatory and capital framework for monoline insurers in relation to structured credit. (Rec II.8, FSF 2008)	Jurisdictions should indicate the policy measures taken for strengthening the regulatory and capital framework for monoline insurers (where these exist). See, for reference, the following principles issued by IAIS: • *ICP 13* – Reinsurance and Other Forms of Risk Transfer; • *ICP 15* – Investments; and • *ICP 17* - Capital Adequacy. Jurisdictions may also refer to: • IAIS *Guidance paper on enterprise risk management for capital adequacy and solvency purposes (Oct 2008).* • Joint Forum document on *Mortgage insurance: market structure, underwriting cycle and policy implications (Aug2013)*.	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** ☐ **Implementation ongoing:** *Status of progress [for legislation and regulation/guidelines only]:* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Final rule (for part of the reform) in force since : ☑ **Implementation completed as of:** 04.04.2015 **Issue is being addressed through :** ☑ Primary / Secondary legislation ☑ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Short description of the content of the legislation/ regulation/guideline:** The new Law of Insurance and Surety Institutions (LISF, for its acronym in Spanish), which was issued on 4 April 2013, and later amended on 10 January 2014 as part of the broader financial reform, provides additional guidance for	**Planned actions (if any) and expected commencement date:** Not applicable. **Web-links to relevant documents:**

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II. Securitisation					
				strengthening the supervision of these institutions regarding corporate governance practices, risk management, capital requirements, transparency and public disclosure as a mechanism to enhance market discipline. In particular for monoline insurers, the new regulation strengthens capital requirements and improves the treatment for counterparty risks. Monolines in Mexico are subject to specific rules established in the Secondary Regulation (Chapter 18 of General Provisions for Insurance and Surety Institutions, CUSF for its acronym in Spanish). **Highlight main developments since last year's survey:** Law of Insurance and Surety Institutions (LISF) was issued on 4 April 2013. The Secondary regulation derived from the new law, the general provisions, were published in the Official Gazette on 19 December 2014. The LISF and the CUSF entered into force on 4 April 2015. The implementation of Pillar 2, regarding Qualitative requirements about Corporate Governance, as well as Pillar 3, addressing Transparency and Revelation	

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II. Securitisation					
				of Information, entered into force in April 2015. The implementation of Pillar 1, which includes Quantitative requirements regarding technical provisions based on BEL methods and risk margin, and the Standard model for the calculation of the solvency capital requirements (SCR) entered into force on January 2016. During 2015, two additional Quantitative Studies (EIQ-4 and EIQ-5), as well as a second Follow Up Report on Corporate Governance (RS-2), were completed in order to measure the impact on insurers of the implementation of the new regulation for corporate governance and capital requirements as well as to improve the calibration of the models used as part of the Standard Model for the Solvency Capital Requirement (SCR) calculation. A Final Test was launched in order to help the institutions prepare for the compliance of the statutory quantitative and qualitative requirements for 2016. **Web-links to relevant documents:** Law of Insurance and Surety Institutions (LISF) http://www.diputados.gob.mx/LeyesBibli	

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II. Securitisation					
				o/pdf/LISF.pdf Provisions for Insurance and Surety Institutions (CUSF) http://www.cnsf.gob.mx/Normativa/Paginas/Circular-Unica-Seguros-Fianzas.aspx	

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5 (5)	Strengthening of supervisory requirements or best practices for investment in structured products	Regulators of institutional investors should strengthen the requirements or best practices for firms' processes for investment in structured products. (Rec II.18, FSF 2008)	Jurisdictions should indicate the due diligence policies, procedures and practices applicable for investment managers when investing in structured finance instruments and other policy measures taken for strengthening best practices for investment in structured finance products. Jurisdictions may reference IOSCO's report on *Good Practices in Relation to Investment Managers' Due Diligence When Investing in Structured Finance Instruments (Jul 2009).* Jurisdictions may also refer to the Joint Forum report on *Credit Risk Transfer-Developments from 2005-2007 (Jul 2008).*	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** ☐ **Implementation ongoing:** *Status of progress [for legislation and regulation/guidelines only]:* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Final rule (for part of the reform) in force since : ☑ **Implementation completed as of:** 01.12.2010 **Issue is being addressed through :** ☑ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Short description of the content of the legislation/ regulation/guideline:** According to the LMV, financial entities shall be responsible for information disclosure to consumers through the Committee of Financial Product Analysis. This committee is in charge of such analysis whenever financial products are	**If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:** **Planned actions (if any) and expected commencement date:** Not applicable. **Web-links to relevant documents:**

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				used to provide investment advice (advisory services) and general recommendations (non-advisory services). In advisory services, financial products must, among others, be analysed in order to determine the kind of customer it may be suitable for through know-your-product obligations (including particular requirements for distribution of complex financial products). Regarding non-advisory services, information disclosed to investors must include the financial product main characteristics, investment horizon, secondary market, commissions, risks, and warnings about past performance. On-Site and Off-Site supervision that assess the procedures and actions that will be implemented by the entities in order to comply with the rules was also approved. It is important to consider that new sales practice requirements, obligations and new sanction/fines regime for business conduct were provided in the LMV as part of the 2014 financial reform. Financial institutions and investment advisors are subject to "know your product" standards (including structure, risks and operational characteristics of complex financial	

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				products); that is, they must know properly the financial products they offer, in order to determine the type of clients to whom they are suitable. Equity and debt funds may invest in structured products as long as these securities are: - Aligned to the type of fund and set in their investment regime. - In case of debt funds, these securities shall have a guaranteed capital and a minimum return. - Disclose the credit, market and liquidity risks for investing in these securities in their prospectus. - The investment management company has personnel specialized in trading these types of assets. - The investment management company has in place proper risk policies and procedures to measure monitor and control risks inherent to these securities. - The investment management company declares it is aware and responsible for the decision taken and has considered: i) the characteristics of the security; ii) the risks the security has; iii) the expected cash flows, and iv) the security is aligned to the fund's investment regime. **Highlight main developments since last year's survey:** The CNBV modified the regulation for	

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				advisory and non-advisory financial services applicable to banks and brokerage firms in January 2015, to extend this rules to mutual funds managers and distributors, and investment advisers. Financial entities and investment advisers will be responsible for disclosing information to consumers. While financial entities (banks and broker dealers) must comply with financial product analysis and suitability requirements in advisory services, provisions for Investment Services provided by Independent Advisors and Mutual Fund managers will enter into force in December 2016. **Web-links to relevant documents:** Ley de Fondos de Inversión (LFI, for its acronym in Spanish) http://www.cnbv.gob.mx/Normatividad/Ley%20de%20Fondos%20de%20Inversión.pdf Mutual Funds Provisions (CUFI, for its acronym in Spanish) http://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20carácter%20general%20aplicables%20a%20los%20fondos%20de%20inversión%20y%20a%20las%20personas%20que%20les%20prestan%20servicios.pdf Provisions for Investment Services http://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20carácter%20general%20aplicables%20a%20las%20entidad	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
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No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
6 (6)	Enhanced disclosure of securitised products	Securities market regulators should work with market participants to expand information on securitised products and their underlying assets. (Rec. III.10-III.13, FSF 2008)	Jurisdictions should indicate the policy measures and other initiatives taken in relation to enhancing disclosure of securitised products, including working with industry and other authorities to continue to standardise disclosure templates and considering measures to improve the type of information that investors receive. See, for reference, IOSCO's *Report on Principles for Ongoing Disclosure for Asset-Backed Securities (Nov 2012), Disclosure Principles for Public Offerings and Listings of Asset-Backed Securities (Apr 2010)* and *report on Global Developments in Securitisation Regulations (November 2012)*, in particular recommendations 4 and 5.	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** ☐ **Implementation ongoing:** *Status of progress [for legislation and regulation/guidelines only]:* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Final rule (for part of the reform) in force since : ☑ **Implementation completed as of:** 01.10.2015 **Issue is being addressed through :** ☑ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Short description of the content of the legislation/ regulation/guideline:** Following Pillar 3 of the Basel Accord, domestic regulation regarding securitization disclosure was amended in December 2014. These changes included quantitative and qualitative disclosure requirements regarding the objectives of	**If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:** **Planned actions (if any) and expected commencement date:** Not applicable. **Web-links to relevant documents:** Not applicable.

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				the securitization, inherent risks, positions and exposures hold by the institutions, losses by exposure type, among others. Prior to that, in September 2008, the regulatory framework applicable to securities registered in the National Registry of Securities (RNV) was amended to include disclosure guidance on securitizations prospectus. Additionally, it provides that annual, quarterly and monthly reports should contain complete information regarding underlying assets. Since the 2013 IMN survey, no amendment has been made to CNBV's regulatory framework regarding the disclosure guidance on securitizations prospectus. **Highlight main developments since last year's survey:** **Web-links to relevant documents:** Securities Markets Law (LMV, for its acronym in Spanish). http://www.cnbv.gob.mx/Normatividad/Ley%20del%20Mercado%20de%20Valores.pdf General Provisions for Securities Issuers (CUE, for its acronym in Spanish) http://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20carácter%20general%20aplicables%20a%20las%20emisoras%20de%20valores.pdf General Provisions for Banks (CUB, for its	

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				acronym in Spanish)	

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III.	**Enhancing supervision**				
7 (7)	Consistent, consolidated supervision and regulation of SIFIs	All firms whose failure could pose a risk to financial stability must be subject to consistent, consolidated supervision and regulation with high standards. (Pittsburgh)	Jurisdictions should indicate: (1) whether they have identified domestic SIFIs and, if so, in which sectors; (2) whether the names of the identified SIFIs have been publicly disclosed; and (3) the types of policy measures taken for implementing consistent, consolidated supervision and regulation of the identified SIFIs. In their response to (3) above, jurisdictions should note any significant changes in their approach, strategy or practices to enhance SIFI supervision. Jurisdictions should mention, but not provide details on, policy measures that pertain to higher loss absorbency requirements for G/D-SIBs, since these are monitored separately by the BCBS. See, for reference, the following documents: BCBS: • *Framework for G-SIBs (Jul 2013)* • *Framework for D-SIBs (Oct 2012)* IAIS: • *Global Systemically Important Insurers: Policy Measures (Jul 2013)*	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** ☐ **Implementation ongoing:** *Status of progress [for legislation and regulation/guidelines only]:* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Final rule (for part of the reform) in force since : ☑ **Implementation completed as of:** 30.04.2016 **Issue is being addressed through :** ☑ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Short description of the content of the legislation/ regulation/guideline:** In August, 2010, the Mexican Financial System Stability Council (CESF, for its acronym in Spanish) was established by Presidential Decree to assess potential threats to the proper operation of the	**Planned actions (if any) and expected commencement date:** During 2015, the CNBV conducted a technical assessment of the systemic risk model developed in 2014; as a result of this model testing CNBV is working on improving it in order to have a more robust model. **Web-links to relevant documents:** General Provisions for Banks (CUB, for its acronym in Spanish) http://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20carácter%20general%20aplicables%20a%20las%20instituciones%20de%20crédito.pdf

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			and initial assessment methodology • *IAIS SRMP guidance - FINAL (Dec 2013)* • *Guidance on Liquidity management and planning (Oct 2014)* FSB: • *Framework for addressing SIFIs (Nov 2011)*	financial system. Moreover, the amendments made to the Law to Regulate Financial Groups (LRAF, for is acronym in Spanish), the CESF was established in Law. In addition, the Financial Reform amended various articles from the LIC, which vested the CNBV with new powers to increase its supervision and regulation capabilities and, in particular, it was granted powers to impose capital surcharges for institutions that could constitute a systemic risk. In terms of banks, on 31 December 2015 the regulation introducing the methodology and procedure to perform the assessment of domestic systemically important banks and the higher loss absorbency requirement for those banks identified as D-SIBs was published and it was fully implemented on 30 April 2016. **Highlight main developments since last year's survey:** During 2014, the CNBV developed a systemic risk internal model based on a "shock-phase" approach: the distribution of gains and losses in the banking system through different points in time, upon the identification of relevant risk factors for both trading and credit portfolios, the specification of the distribution of risk	

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				factors, and the drawing of risk factor changes (or shocks) from this distribution. Given the risk factors scenarios, the model generates profit and loss distributions for each bank portfolio and estimates its probability of distress among other risk metrics. In addition, a "contagion phase" was also developed during 2014. If an institution finds itself under distress, and based on their inter-financial exposures, an assessment of the impact in the financial system can be performed. The model has been implemented and is considered within CNBV's Risk platform. First results were generated for all the banks. Banco de México has performed similar tests during the last 4 years. The approach is "bottom-up-performed-by-the-authority", that is, detailed information is used, but based on regulatory information. Hence, tests and results are obtained based on the same modelling strategy, without having a direct input from banks in the computations. The details of the methodology of Banco de México are available in the Financial System Report, but they are very similar to what was	

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				described above. On top of the above, there are refinements, consistency checks and improvements to the methodology on a yearly basis. A recalibration and testing of the model was conducted throughout 2015. During 2015, the CNBV conducted a technical assessment of the systemic risk model developed in 2014; as a result of this model testing CNBV is working on improving it in order to have a more robust model. The recently published regulation on the identification of DSIBs is based on the BCBS G-SIB identification methodology adapted to better reflect the Mexican financial system as the reference system. In order to determine the DSIB banks, CNBV implemented a score based on the five key factors proposed by the Basel Standard: size, interconnectivity, relevance of the infrastructure and services supplied and complexity. Additionally, for classification purposes, CNBV states that DSIBs shall be classified in five different categories according to their score. The DSIB capital buffer goes from 0.6% to 2.25% for the highest category. Banks are	

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				required to build up the DSIB capital buffer starting in 2016 under a 4-year transitional period. The CNBV will publish in May 2016 the first DSIB list, which will be updated every year as stated in the law. **Web-links to relevant documents:** Mexican Financial System Stability Council (CESF, for its acronym in Spanish) http://www.cesf.gob.mx/es/CESF/home Law to Regulate Financial Groups (LARF, for is acronym in Spanish) http://www.cnbv.gob.mx/Normatividad/Ley%20para%20Regular%20las%20Agrupaciones%20Financieras.pdf Financial System Reports (2010): http://www.banxico.org.mx/publicaciones-y-discursos/publicaciones/informes-periodicos/reporte-sf/%7B3B7A644D-B9E4-4739-C110-F9DC49BC7E6F%7D.pdf Financial System Report (2013) http://www.banxico.org.mx/publicaciones-y-discursos/publicaciones/informes-periodicos/reporte-sf/%7BCE284A71-335F-95DE-FE82-5C0A8239CF44%7D.pdf Financial System Report (2014—in Spanish). http://www.banxico.org.mx/publicaciones-y-discursos/publicaciones/informes-periodicos/reporte-sf/%7BD65B2A12-08BF-ED51-33B6-9AECB09DED2E%7D.pdf General Provisions for Banks (CUB for its acronym in Spanish) http://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20carácter%20gener	

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8 (8)	Establishing supervisory colleges and conducting risk assessments	To establish the remaining supervisory colleges for significant cross-border firms by June 2009. (London) We agreed to conduct rigorous risk assessment on these firms [G-SIFIs] through international supervisory colleges. (Seoul)	Reporting in this area should be undertaken solely by home jurisdictions of G-SIBs and G-SIIs. Please indicate the progress made in establishing and strengthening the functioning of supervisory colleges for G-SIBs and G-SIIs, including the development of any joint supervisory plans within core colleges and leveraging on supervisory activities conducted by host authorities. See, for reference, the following documents: BCBS: • *Principles for effective supervisory colleges (Jun 2014)* • *Progress report on the implementation of principles for effective supervisory colleges (Jul 2015)* IAIS: • ICPs 24 and 25, especially guidance 25.1.1 – 25.1.6, *25.6, 25.7 and 25.8* • *Application paper on supervisory colleges (Oct 2014)*	☑ **Not applicable** Mexico is not home to any significant cross-border financial firms. ☐ **Applicable but no action envisaged at the moment** ☐ **Implementation ongoing:** *Status of progress [for legislation and regulation/guidelines only]:* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Final rule (for part of the reform) in force since : ☐ **Implementation completed as of:** **Issue is being addressed through :** ☐ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Short description of the content of the legislation/ regulation/guideline:** **Highlight main developments since last year's survey:** **Web-links to relevant documents:**	**If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:** **Planned actions (if any) and expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
9 (9)	Supervisory exchange of information and coordination	To quicken supervisory responsiveness to developments that have a common effect across a number of institutions, supervisory exchange of information and coordination in the development of best practice benchmarks should be improved at both national and international levels. (Rec V.7 , FSF 2008) Enhance the effectiveness of core supervisory colleges. (FSB 2012)	Jurisdictions should include any feedback received from recent FSAPs/ROSC assessments on the September 2012 BCP 3 (Cooperation and collaboration) and BCP 14 (Home-host relationships). Jurisdictions should also indicate any steps taken since the last assessment in this area, particularly in response to relevant FSAP/ROSC recommendations. Jurisdictions should describe any recent or planned regulatory, supervisory or legislative changes that contribute to the sharing of supervisory information (e.g. within supervisory colleges or via bilateral or multilateral MoUs).	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** ☐ **Implementation ongoing:** *Status of progress [for legislation and regulation/guidelines only]:* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Final rule (for part of the reform) in force since : ☑ **Implementation completed as of:** 10.01.2014 **Issue is being addressed through :** ☑ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Short description of the content of the legislation/ regulation/guideline:** The CNBV has ample powers provided in the LIC for sharing information with its foreign counterparts. The exchange of non-public information requires, as it has been mentioned before, having in place an interinstitutional agreement with the	**Planned actions (if any) and expected commencement date:** The CNBV is permanently assessing its needs to expand its platform for international cooperation and the exchange of information (MOUs) with foreign authorities. **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				foreign counterpart in which the reciprocity principle is considered. The Financial Reform, passed in January 2014, included the appropriate amendments to the Credit Institutions Law which provided powers to Banco de México to enter into agreements with foreign authorities for the exchange of information. Article 97 of the LIC allows the SHCP, CNSF, CONSAR, CNBV, Banco de México, IPAB and CONDUSEF to exchange information (including confidential information). There are several signed agreements between these authorities currently in place regarding supervisory and information exchange agreements. SHCP, BANXICO, CNBV, CONDUSEF and IPAB are empowered by law (article 143 of the LIC) to exchange information with foreign financial authorities according to their scope of competence and having in place a memorandum of understanding duly signed with those authorities. Notwithstanding, the only authorities able to share confidential information directly with foreign financial authorities are BANXICO and the CNBV. The CNBV has implemented many actions aimed at	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				broadening its mechanisms for international cooperation in the fields of regulation, supervision, enforcement and prudential measures, both in the securities and banking sectors, at bilateral and multilateral levels. **Highlight main developments since last year's survey:** The CNBV participates in supervisory colleges and crisis management groups of relevant foreign banks with major Mexican subsidiaries. These colleges promote the sharing of approaches, concerns and priorities among the different supervisors. They also contribute to better understand the different legal frameworks and their implications. The supervisory colleges in which the CNBV participates are: • BBVA • Citigroup • HSBC • Santander • Bank of Nova Scotia The CNBV has signed cooperation agreements within the crisis management groups, which set out the rules of communication and coordination among authorities both during business-as-usual and in times of crisis. The CNBV has strong international cooperation policies with its foreign counterparts, such as the signing	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				of MoUs which include, among others, the exchange of public and nonpublic information, dealing with requests related to communications to alert each other on issues of common interest or common concerns as well as the participation on international bodies and supervisory colleges. **Web-links to relevant documents:** Banking Institutions Law (LIC, for its acronym in Spanish) http://www.diputados.gob.mx/LeyesBiblio/pdf/43.pdf	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
10 (10)	Strengthening resources and effective supervision	We agreed that supervisors should have strong and unambiguous mandates, sufficient independence to act, appropriate resources, and a full suite of tools and powers to proactively identify and address risks, including regular stress testing and early intervention. (Seoul) Supervisors should see that they have the requisite resources and expertise to oversee the risks associated with financial innovation and to ensure that firms they supervise have the capacity to understand and manage the risks. (FSF 2008) Supervisory authorities should continually re-assess their resource needs; for example, interacting with and assessing Boards require particular skills, experience and adequate level of seniority. (Rec. 3, FSB 2012)	Jurisdictions should indicate any steps taken on recommendations 1, 2, 3, 4 and 7 (i.e. supervisory strategy, engagement with banks, improvements in banks' IT and MIS, data requests, and talent management strategy respectively) in the FSB thematic peer review report on supervisory frameworks and approaches to SIBs (May 2015).	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** *If " Not applicable " or "Applicable but no action envisaged ..." has been selected, please provide a brief justification:* ☒ **Implementation ongoing:** *Status of progress [for legislation and regulation/guidelines only]:* ☒ Draft in preparation, expected publication by: 31.12.2016 ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Final rule (for part of the reform) in force since: ☐ **Implementation completed as of:** **Issue is being addressed through :** ☐ Primary / Secondary legislation ☐ Regulation /Guidelines ☒ Other actions (such as supervisory actions), please specify: **Short description of the content of the legislation/ regulation/guideline:** The CNBV is taking the following steps on recommendations 1, 2, 3, 4 and 7: Rec.1 At present CNBV is in the process of enhancing its risk based supervision to be	**Planned actions (if any) and expected commencement date:** Not applicable. **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				more effective. For that purpose CNBV undertook the project: "Mexico: Strengthening Banking Risk Based Supervision (RBS), together with the World Bank, which started in April 2014 and concluded in September 2015, with the objective of strengthening CNBV's risk-based bank supervision by putting in place an appropriate governance structure, a mix of on-site and off-site supervision methodologies, tools, process, and a set of monitoring indicators that enable supervisors to monitor effectively the banking system and promote the stability. Accordingly, CNBV is also improving consistency among CNBV's supervisory strategy and priorities, as well as its risk appetite and the assessment of supervisory effectiveness. By means of this project, CNBV redefined three main supervisory tools: 1) Risk rating methodology (CEFER), 2) On-site supervisory procedures with a risk based approach 3) Institutional report that comprises supervisory strategy, main findings, financial and regulatory metrics (with an individual and peer group approach), and the analysis of core supervisory topics. By combining these tools supervisors are in a better position to understand the risk profile of banks with a forward looking view, and hence define supervisory priorities and strategy. Also, the implementation of these tools, which is in process, implies the following activities:	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				•Set strategic goals and measureable objectives •Formulate strategies to manage supervisory risk •Set operations, compliance and reporting objectives •Take decisions on how to manage risk to objectives The general supervisory strategy and the CNBV's priorities are defined at an institutional level. The former is documented in the CNBV's Strategic Plan for 2014- 2018, and the latter in the annual inspection plan (PAV), which includes general and specialized supervision. The PAV formulation takes into consideration risk rating assessment, systemic importance and size of financial institutions, specific risk concerns, and corrective actions follow-up, among others. The PAV is presented to CNBV's Board annually, prior to its implementation. Rec.2 To ensure proper communication with banks about any relevant vulnerability detected, CNBV informs the Board of the financial entity as well as the senior management directors through a specific appendix to the formal findings ("Anexo 2 del oficio de observaciones"), describing the matters that require special attention. Banks are formally requested to report the issues described in this appendix in the following Board meeting. Also, at the end of an on-site review, the CNBV supervisory team meets senior management to communicate the results of the inspection, findings and recommendations, as well as relevant	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				supervisory concerns. The supervisors can also meet Board members to express concerns, according to the relevance of certain operations or transactions, in case they can potentially impact the risk profile of the financial institution or its financial condition. Also, CNBV has redesigned its on-site supervision processes under a risk-based approach. Among other improvements, in these new processes, the main findings and recommendations resulting from the most recent on-site examinations are selected in order to be communicated to the Board for their follow-up and promote their attention. Rec.3 CNBV has a specific unit to review operational and technical risks in financial entities, including MIS and information integration processes to produce regulatory reports. During inspections supervisors assess the integrity, confidentiality and availability of information, aiming to identify or prevent deficiencies resulting from lack of automation, poor systems integration, and lack of controls to assure data integrity along the processes. (cont.) Hence, corrective actions are instructed, aiming to automate these processes, establish data integrity controls and ensure continuity of the processes. Rec.4 Information received from financial entities: Article 208 of the CUB establishes the obligation of banks to submit the information specified on	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				Appendix 36, with the frequency required according to the kind of information (monthly, quarterly, bi-annually, and or annually): •Accounting information (financial statements) must be submitted by the 20th of each month. •Housing loans information must be submitted within the first 15 days of the following month. •Commercial loans information, by the 10th day of the following month. •Operational information, the last day of the following month. •Detailed information of the credit portfolio must be submitted by the 10th day or the 15th day of the next month. In order to ensure the quality of the information received from credit institutions, the CNBV executes periodically validations. Information required to financial institutions is received through SITI; this system has different validation phases. The following reports/analyses are generated from the information received from financial entities: Watch list: Auxiliary tool that allows identifying entities with low levels of capitalization and deteriorating results, across several sectors. Risk rating matrix: Since Nov. 2015 CNBV introduced an updated and improved risk assessment of entities, considering the following elements: inherent risk, risk mitigants, complimentary elements. Inherent risks are obtained from information reported by institutions, and mitigants are assessed from on-site supervision and the follow-	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				up of corrective actions. Institutional report: Provides a detailed view of the banks' situation (financial indicators and comparative information; supervisory strategy and main concerns; risk rating; analysis of relevant topics). Main exposures report: The information of the commercial loan portfolio for banks is grouped at individual and system levels, for different types of entities (companies, financial entities and government entities). Dashboard: Analysis tool designed to track and examine key performance indicators (KPI's) for supervisory purposes. It facilitates the comparison of the financial institutions against their peers and the financial sector. Tarjeta Oportuna: Monthly bulletin with updated financial information of commercial banks, development banks and brokerage firms. Risk analysis & reports: The CNBV provides methodologies to calculate credit risk indicators such as probability of default, loss given default, exposure at default and others. This is calculated on a loan by loan basis and is used to determine loan-losses provisions (according to the CUB: Articles 90-123), on a 12 month forward-looking basis. Information shared with foreign authorities: (Please refer to response to question 9.) Mexican financial authorities are setting out in cross-border cooperation agreements (CoAg) with foreign supervisory authorities of relevant	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				banking institutions, how they will work together with a view to facilitate institution specific crisis management planning and cooperation. Rec.7 CNBV executed in 2015 an Annual Training Plan comprised by 10 general programs, with more than 2,554 activities. During 2015, 1,431 CNBV's public servants were trained, this is 96% of current staff, taking 92.9 hours of training sessions, and obtaining high level scores (an average of 95 points on a zero to 100 scale). Among the 10 programs, the following stand out: the Substantive Technical Program; the International Training; and the Conference on Prevention of Transactions Involving Illegally-Sourced Funds. **Highlight main developments since last year's survey:** The CNBV launched, and is currently carrying out, the aforementioned comprehensive reform in order to comply with the recommendations. **Web-links to relevant documents:**	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
IV.	**Building and implementing macroprudential frameworks and tools**				
11 (11)	Establishing regulatory framework for macro-prudential oversight	Amend our regulatory systems to ensure authorities are able to identify and take account of macro-prudential risks across the financial system including in the case of regulated banks, shadow banks[1] and private pools of capital to limit the build up of systemic risk. (London) Ensure that national regulators possess the powers for gathering relevant information on all material financial institutions, markets and instruments in order to assess the potential for failure or severe stress to contribute to systemic risk. This will be done in close coordination at international level in order to achieve as much consistency as possible across jurisdictions. (London)	Please describe major changes in the institutional arrangements for macroprudential policy (structures, mandates, powers, reporting etc.) that have taken place since the global financial crisis, particularly over the past year. Please indicate whether an assessment has been conducted with respect to the adequacy of powers to collect and share relevant information among different authorities on financial institutions, markets and instruments to assess the potential for systemic risk. If so, please describe identified gaps in the powers to collect information, and whether any follow-up actions have been taken.	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** ☐ **Implementation ongoing:** *Status of progress [for legislation and regulation/guidelines only]:* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Final rule (for part of the reform) in force since: ☑ **Implementation completed as of:** 10.01.2014 **Issue is being addressed through :** ☑ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Short description of the content of the legislation/ regulation/guideline:** There is no specific macroprudential	**Planned actions (if any) and expected commencement date:** Legal Entity Identifier work is still underway. Authorities will continue to implement the Shadow Banking Monitoring Framework and implement relevant policies deemed necessary to ameliorate systemic risks. **Web-links to relevant documents:**

[1] The recommendation as applicable to shadow banks will be retained until the monitoring framework for shadow banking, which is one of the designated priority areas under the CFIM, is established.

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				authority in Mexico but rather an inter-agency body for financial stability/macroprudential matters: The Financial System Stability Council (CESF, for its acronym in Spanish). It was established originally by Presidential Decree in 2010 and later, in 2014, it was established in Law (in the LRAF) to identify and analyse potential risks to financial stability in order to avoid interruptions or substantial alterations in the functioning of the financial system and, if necessary, minimize their impact when they occur. The CESF has as its members the SHCP, the CNBV, the Commission for Insurance and Sureties (CNSF, for its acronym in Spanish), the Commission for Pension Funds (CONSAR, for its acronym in Spanish), the Banking Savings Deposit Institute (IPAB, for its acronym in Spanish) and the Banco de México. The Chair of the CESF is the SHCP and the Secretariat is held by the Banco de México. In accordance to their respective mandates, the financial authorities participating in the CESF have sufficient powers to obtain the required information from their regulated and/or supervised institutions, financial markets and instruments. This	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				information can be shared among authorities, under each authority's mandate and through domestic coordination mechanisms that are in place for this purpose. In addition, every financial law clearly states the coordination and sharing of information that shall take place for supervisory and/or enforcement purposes. However, each member authority is responsible for deploying macroprudential tools in accordance to their respective mandates and within their powers. The CESF's work is supported by a Technical Committee that conducts periodical analyses and research directed at identifying potential systemic risks. More specifically, the CNBV assesses the performance of profitability, liquidity and leverage indicators on a monthly basis. Moreover, specific analyses are performed on the credit portfolio (credit cards, payroll, personal loans, commercial, etc.) based on the behaviour of the system's portfolio in order to identify any problems in the origination and execution systems as well as any potential systemic impairment. Banco de México carries out periodic stress testing and risk analyses using several indicators,	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				including liquidity risk indicators, in order to assess financial system's vulnerabilities under different scenarios. The concerns resulting from any of the authorities' analysis are discussed within the CESF. In addition, every financial law clearly states the coordination and sharing of information that shall take place for supervisory and/or enforcement purposes. Furthermore, the 2014 Financial Reform enhanced authorities' powers to collect information from individual financial institutions from the non-regulated sector (Sofomes ENR), which belong to Shadow Banking, as understood by the FSB framework. First, it required entities to update their registry with Condusef in order to maintain their financial legal status and therefore the corresponding fiscal benefits; secondly, it required the entities to keep its legal information in the mentioned registry always updated; third, it established the conditions under which these entities would become regulated (i.e. whenever they have links to any regulated entities credit unions and cooperatives were not being considered before; and whenever they issue public debt); fourth, it required Sofomes to report credit information to at	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				least one Credit Information Agency for the sake of enhancing creditor risk analysis and financial users' conduct, improve transparency and reduce information asymmetries; fifth, it improved the MFAs regulatory powers to require information from non-regulated Sofomes in case it is deemed necessary for the purpose of respective their mandates and functions (Condusef can also require information for statistical purposes). With respect to the monitoring of shadow banking, Mexico has actively participated since 2012 in the AGV/SCAV annual Shadow Banking Monitoring Exercise. In addition, Mexico joined in 2014 the FSB SRC Workstream 3 (WS3) on Other Shadow Banking Entities (that is other than MMFs), and has participated in the pilot and the first full round of analysis, including the first Thematic Peer Review. Although this is still work in progress, Mexico has stepped up the monitoring, data analysis and collection it carries out for the sector with the focus of promptly identifying any systemic risks concerns that would need policy action from authorities. **Highlight main developments since last**	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				year's survey: Not applicable. **Web-links to relevant documents:** Financial System Stability Council (CESF, for its acronym in Spanish) http://www.cesf.gob.mx/es/CESF/home	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
12 (12)	Enhancing system-wide monitoring and the use of macro-prudential instruments	Authorities should use quantitative indicators and/or constraints on leverage and margins as macro-prudential tools for supervisory purposes. Authorities should use quantitative indicators of leverage as guides for policy, both at the institution-specific and at the macro-prudential (system-wide) level…(Rec. 3.1, FSF 2009) We are developing macro-prudential policy frameworks and tools to limit the build-up of risks in the financial sector, building on the ongoing work of the FSB-BIS-IMF on this subject. (Cannes) Authorities should monitor substantial changes in asset prices and their implications for the macro economy and the financial system. (Washington)	Please describe at a high level (including by making reference to financial stability or other reports, where available) the types of methodologies, indicators and tools used to assess systemic risks. Please indicate the use of macroprudential tools in the past year, including the objective for their use and the process used to select, calibrate, and apply them. See, for reference, the following documents: • CGFS report on *Operationalising the selection and application of macroprudential instruments (Dec 2012)* • FSB-IMF-BIS progress report to the G20 on *Macroprudential policy tools and frameworks (Oct 2011)* • IMF staff papers on *Macroprudential policy, an organizing framework (Mar 2011)*, *Key Aspects of Macroprudential policy (Jun 2013)*, and *Staff Guidance on Macroprudential Policy (Dec 2014)*	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** ☐ **Implementation ongoing:** *Status of progress [for legislation and regulation/guidelines only]:* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Final rule (for part of the reform) in force since: ☑ **Implementation completed as of:** 07.04.2016 **Issue is being addressed through :** ☑ Primary / Secondary legislation ☐ Regulation /Guidelines ☑ Other actions (such as supervisory actions), please specify: Development of internal methodologies to assess systemic risk and determination of domestic systemically important financial institutions. **Short description of the content of the legislation/ regulation/guideline:** The Mexican Financial System Stability Council (CESF, for its acronym in Spanish) is comprised of the main financial authorities and supported by	**Planned actions (if any) and expected commencement date:** Enhancements to the systemic risk model of the CNBV are expected to be finalized in the first semester of 2017. Publishing the final rules on disclosure of the leverage ratio. **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				working groups developed to conduct periodical analyses and research, as well as to identify potential systemic risks. The CESF has analyzed the use of macroprudential tools available in other jurisdictions. It has also identified a number of instruments currently in use in Mexico for microprudential objectives that could be easily used for macroprudential purposes. The macroprudential measures implemented during the last years include: limits on interbank exposures; limits on lending to related parties and rules for sale and transfer of operations between related parties (e.g. transfer or sale of credit portfolios). The CNBV assesses the performance of profitability, liquidity and leverage indicators on a monthly basis. Moreover, specific analyses are performed on the credit portfolio (credit cards, payroll, personal loans, commercial, etc.) based on the behaviour of the system's portfolio in order to identify any problems in the origination and execution systems as well as any potential systemic impairment. Banco de México, in periodic risk analysis and stress testing, assesses the vulnerability of the financial system to different potential	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				adverse scenarios. It also reviews several indicators periodically. When Banco de México finds potential threats to the stability of the financial system while conducting these analyses, they present the results to the CESF in order to assess the magnitude of the risk. Furthermore, in order to foster banks' resilience to major financial disruptions, specific regulatory improvements were implemented. These developments provide measures to enhance and preserve capital in the lower cycle or in case of a financial crisis, including a capital buffer. The rules governing the countercyclical capital buffer, including reciprocity rules, have already been introduced in Law. During 2014, the CNBV developed a systemic risk model based on a "shock-phase" approach: the distribution of gains and losses in the banking system through different points in time, upon the identification of relevant risk factors for both trading and credit portfolios, the specification of the distribution of risk factors, and the drawing of risk factor changes (or shocks) from this distribution. Given the risk factors scenarios, the model generates profit and loss distributions for	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				each bank portfolio and estimates its probability of distress among other risk metrics. In addition, a "contagion phase" was also developed during 2014. If an institution is under distress, and based on their inter-financial exposures, an assessment of the impact in the financial system can be made. The model has been implemented and considered into the CNBV's risk platform. The first results had been generated for all the banks. Banco de México also performs a similar analysis, with an exhaustive analysis of potential contagion based on information of the bank exposures network. There is an underlying macro model to generate scenarios and to trigger the shocks. After the initial shock, the main financial indicators of each bank are projected in a scenario-dependent consistent way, to determine the effects in the credit portfolio and assess possible capital adequacy issues. **Highlight main developments since last year's survey:** During 2015, the CNBV conducted a technical assessment of the systemic risk model developed in 2014; as a result of this model testing CNBV is working on	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				improving it in order to have a more robust model. The CESF analyzes the developments in the financial system and any potential threats arising in particular sectors. More specifically, the CESF analyzes the stress tests conducted by the CNBV. It also closely monitors the situation of the banking system, given its relevance in the Mexican Financial System (about 50% of the assets in the system). It analyzes solvency and liquidity indicators (loan-loss provisions, evolution of default rates, LCR, concentration indexes, stable funding to loans ratios, etc.) The results of such analyses are published in the annual report of the CESF published in March every year (Link available at the section “Web-link to relevant documents”). In addition, Banco de México conducts stress tests for the banking system and undertakes network analyses to determine the risks of contagion. It also evaluates the situation of the banking system and any other sectors which may exhibit patterns or behaviors which may be a cause of concern.Banco de México publishes an annual report with a detailed	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				assessment of the financial system, threats to financial stability, a balance of risks and potential measures to mitigate such risks. The report is published in the second half of each year, under the name of Financial System Report, and it can be downloaded from their webpage (Link available at the section "Web-link to relevant documents"). Regulation has been drafted when threats or vulnerabilities have been identified. The use of microprudential measures with macroprudential purposes could also be deployed. In this case, the authority in charge of a given microprudential measure would also be the one to deploy it. Discussions at the CESF about what tools to use and how to use them would take place on a case by case basis. The macroprudential measures implemented during the last years include: limits on lending to related parties, which were increased as a response to the increasing amount of exposures observed during the crisis; rules for sale and transfer of operations between related parties (e.g. transfer or sale of credit portfolios), which were included to limit the potential	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				for contagion; and a DSIB capital buffer based on the Basel Standards which has been implemented since April 2016. In addition, during the same month, Mexican authorities issued the provisions to implement the countercyclical capital buffer with a transitional period to build up the countercyclical capital buffer starting in 2016 in a 4 year period, and published a draft regulation on disclosure of the leverage ratio. The latter is expected to be implemented during 2016. Regarding the assessment of the ex ante cost and benefits of macroprudential policies and their ex post effectiveness, no analysis of this kind has been undertaken so far. The implementation of certain specific elements of the macroprudential toolkit (such as the countercyclical capital buffer) as well as the leverage ratio is still under development; in particular with respect to the secondary regulation about them. **Web-links to relevant documents:** Financial System Stability Council (CESF, for its acronym in Spanish) http://www.cesf.gob.mx/en/CESF/Publicaciones_e_informes (Links to the above	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				Financial System Reports.) Financial System Report (The English versions of the report are published with a lag with respect to the version in Spanish): http://www.banxico.org.mx/publicaciones-y-discursos/publicaciones/informes-periodicos/reporte-sf/index-en.html General Provisions for Banks (CUB, for its acronym in Spanish) http://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20carácter%20general%20aplicables%20a%20las%20instituciones%20de%20crédito.pdf	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
V.	**Improving oversight of credit rating agencies (CRAs)**				
13 (13)	Enhancing regulation and supervision of CRAs	All CRAs whose ratings are used for regulatory purposes should be subject to a regulatory oversight regime that includes registration. The regulatory oversight regime should be established by end 2009 and should be consistent with the IOSCO Code of Conduct Fundamentals. (London) National authorities will enforce compliance and require changes to a rating agency's practices and procedures for managing conflicts of interest and assuring the transparency and quality of the rating process. CRAs should differentiate ratings for structured products and provide full disclosure of their ratings track record and the information and assumptions that underpin the ratings process. The oversight framework should be consistent across jurisdictions with appropriate sharing of information between national authorities, including through IOSCO. (London) Regulators should work together towards appropriate, globally compatible solutions (to conflicting compliance	Jurisdictions should indicate the policy measures undertaken for enhancing regulation and supervision of CRAs including registration, oversight and sharing of information between national authorities. They should also indicate their consistency with the following IOSCO document: • *Code of Conduct Fundamentals for Credit Rating Agencies (Mar 2015) (including governance, training and risk management)* Jurisdictions may also refer to the following IOSCO documents: • Principle 22 of *Principles and Objectives of Securities Regulation (Jun 2010)* which calls for registration and oversight programs for CRAs • *Statement of Principles Regarding the Activities of Credit Rating Agencies (Sep 2003)* • *Final Report on Supervisory Colleges for Credit Rating Agencies (Jul 2013)* Jurisdictions should take into account the outcomes of any recent FSAP/ROSC assessment against those principles.	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** ☐ **Implementation ongoing:** *Status of progress [for legislation and regulation/guidelines only]:* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Final rule (for part of the reform) in force since : ☑ **Implementation completed as of:** 09.07.2014 **Issue is being addressed through :** ☑ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Short description of the content of the legislation/ regulation/guideline:** In accordance to IOSCO's recommendations, on February 17, 2012, the CNBV issued new rules for CRAs to amend the Code of Conduct and several rules to strengthen market discipline. Such rules improved transparency within	**If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:** **Planned actions (if any) and expected commencement date:** The CNBV is assessing the implementation of novelties of the recent IOSCO's Code of Conduct for CRAs. Mexico participates in the IOSCO C6 Drafting Group for the conceptualization and description of Other CRA Products, especially those related to the rating process, aiming to assure the transparency and quality of such other products and its relation to the traditional rating process, as well as competition among CRAs and a sound management of conflicts of interest, in this regard. At the end of the process, the CNBV will assess the implementation of these novelties. **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
		obligations for CRAs) as early as possible in 2010. (FSB 2009) We encourage further steps to enhance transparency and competition among credit rating agencies. (St Petersburg)		the rating process, enhanced the procedures for rating structured products and reduced CRAs' potential conflicts of interest. On 9 July 2014 the CNBV amended the regulation for CRAs with the goal of further strengthening the regulation regarding potential conflicts of interest in municipal debt. **Highlight main developments since last year's survey:** The CNBV is moving forward in adopting confidentiality agreements for the exchange of information under the framework of its participation in CRAs Colleges set up by the US SEC and the European Securities Markets Authority. The CNBV has also made progress in entering into MOUs for the supervision of CRAs. **Web-links to relevant documents:** Securities Markets Law (LMV, for its acronym in Spanish). http://www.cnbv.gob.mx/Normatividad/Ley%20del%20Mercado%20de%20Valores.pdf Provisions for CRAs http://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20carácter%20general%20aplicables%20a%20las%20instituciones%20calificadoras%20de%20valores.pdf	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
14 (14)	Reducing the reliance on ratings	We also endorsed the FSB's principles on reducing reliance on external credit ratings. Standard setters, market participants, supervisors and central banks should not rely mechanistically on external credit ratings. (Seoul) Authorities should check that the roles that they have assigned to ratings in regulations and supervisory rules are consistent with the objectives of having investors make independent judgment of risks and perform their own due diligence, and that they do not induce uncritical reliance on credit ratings as a substitute for that independent evaluation. (Rec IV. 8, FSF 2008) We reaffirm our commitment to reduce authorities' and financial institutions' reliance on external credit ratings, and call on standard setters, market participants, supervisors and central banks to implement the agreed FSB principles and end practices that rely mechanistically on these ratings. (Cannes) We call for accelerated progress by national authorities and standard setting	Jurisdictions should indicate the steps they are taking to address the recommendations of the May 2014 FSB thematic peer review report on the implementation of the FSB Principles for Reducing Reliance on Credit Ratings, including by implementing their agreed action plans. Any revised action plans should be sent to the FSB Secretariat so that it can be posted on the FSB website. Jurisdictions may refer to the following documents: • *FSB Principles for Reducing Reliance on CRA Ratings (Oct 2010)* • FSB *Roadmap for Reducing Reliance on CRA Ratings (Nov 2012)* • BCBS Consultative Document *Revisions to the Standardised Approach for credit risk (Dec 2015)* • IAIS ICP guidance 16.9 and 17.8.25 • IOSCO *Good Practices on Reducing Reliance on CRAs in Asset Management (June 2015)* • IOSCO Sound Practices at Large Intermediaries Relating to the Assessment of Creditworthiness and the	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** ☑ **Implementation ongoing:** *Status of progress [for legislation and regulation/guidelines only]:* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☑ Final rule or legislation approved and will come into force on: 30.06.2016 ☑ Final rule (for part of the reform) in force since : 09.01.2015 ☐ **Implementation completed as of:** **Issue is being addressed through :** ☑ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Short description of the content of the legislation/ regulation/guideline:** The CNBV in order to encourage independent judgement of risks and to promote a proper due diligence have mandated financial institutions and persons that provide investment services to carry out the following activities: is:	**Planned actions (if any) and expected commencement date:** Rules will be effective in stages for Investment Funds Managers, Fund Distributors and Investment Advisors. The first stage (ending 30 June 2016) deals with rules concerning obligations related to the certification of natural persons who provide investment services; portfolio diversification policy; staff training on the characteristics of financial products to recommend; integration of the Committee responsible for the analysis of financial products and the adoption of policies and guidelines. The second stage (ending 1 December 2016) deals with provisions concerning customer investment profile; profile of the financial product; development of the general framework for investment management; investment services guidelines; conflicts of interest, as well as certain obligations of the Committee responsible for the analysis of financial products. **Web-links to relevant documents:** Not applicable.

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
		bodies in ending the mechanistic reliance on credit ratings and encourage steps that would enhance transparency of and competition among credit rating agencies. (Los Cabos) We call on national authorities and standard setting bodies to accelerate progress in reducing reliance on credit rating agencies, in accordance with the FSB roadmap. (St Petersburg)	Use of External Credit Ratings *(Dec 2015)*.	•to make reasonable recommendations, considering the customer profile, •to develop financial product profiles •to set policies for investment portfolio diversification •to develop policies and guidelines for the determination of the customers profiles and for the financial products subject to recommendation •to have in place a sound accountability framework •to properly disclose fees •to set the general policy framework •to establish ceilings on securities placement These rules apply to all financial entities/authorized persons providing investment services, namely investment advisors and investment managers, including any person obtaining registration to act as investment adviser, such as: Banks,brokerage houses, investment funds managers, investment fund distributors and independent advisors. **Highlight main developments since last year's survey:** The CNBV has strengthened its obligations on: •Suitability of investments. •Know your product. •Know your client (investor profile). •Product analysis committee formation. •Key investor document. •Risk	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				management. **Web-links to relevant documents:** The CNBV has strengthened its obligations on: •Suitability of investments. •Know your product. •Know your client (investor profile). •Product analysis committee formation. •Key investor document. •Risk management.	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VI.	**Enhancing and aligning accounting standards**				
15 (15)	Consistent application of high-quality accounting standards	Regulators, supervisors, and accounting standard setters, as appropriate, should work with each other and the private sector on an ongoing basis to ensure consistent application and enforcement of high-quality accounting standards. (Washington)	Jurisdictions should indicate the accounting standards that they follow and whether (and on what basis) they are of a high and internationally acceptable quality (eg equivalent to IFRSs as published by the IASB), and provide accurate and relevant information on financial performance. They should also explain the system they have for enforcement of consistent application of those standards. Jurisdictions may want to refer to their jurisdictional profile prepared by the IFRS Foundation, which can be accessed at: http://www.ifrs.org/Use-around-the-world/Pages/Analysis-of-the-G20-IFRS-profiles.aspx. As part of their response on this recommendation, jurisdictions should indicate the policy measures taken for appropriate application of fair value accounting. In addition, jurisdictions should set out any steps they intend to take (if appropriate) to foster transparent and consistent implementation of the new	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** ☑ **Implementation ongoing:** *Status of progress [for legislation and regulation/guidelines only]:* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☑ Final rule (for part of the reform) in force since : 01.01.2012 ☐ **Implementation completed as of:** **Issue is being addressed through :** ☑ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Short description of the content of the legislation/ regulation/guideline:** Since 1 January 2012, listed companies, except financial institutions and insurance companies, are required to present their financial information according to IFRS. Financial institutions and insurance companies are required to use the	**Planned actions (if any) and expected commencement date:** The CNBV is still working with CINIF in the process of convergence with IFRS. Particularly, the CNBV is assessing the possible changes in their accounting standards in order to align them to IFRS 9 "Financial Instruments", especially regarding the expected credit losses approach. After completing the assessment, the CNBV will be able to take a position regarding the adoption or non-adoption of impairment requirements in line with IFRS 9. Regarding fair value, the CNBV, the CNSF and the CONSAR are expecting to issue in the third quarter of 2016 a final project of tripartite rules which will contain fair value requirements. The CNBV will begin to align the fair value requirements for each financial entity under its supervision once the tripartite rules have been issued. **Web-links to relevant documents:** Not applicable.

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
			accounting requirements for expected loan loss provisioning for impaired loans that are being introduced by the IASB and are scheduled to be introduced by the FASB. See, for reference, the following BCBS document: • *Supervisory guidance for assessing banks' financial instrument fair value practices (Apr 2009)*	Mexican Financial Reporting Standards (MFRS), issued by the National Accounting Standards Setter of Mexico (CINIF) plus certain accounting criteria issued by the CNBV. CINIF has a convergence project to eliminate the existing differences between MFRS and IFRS. When completed, CINIF expects that MFRS applied by domestic companies whose securities are not publicly traded will be very similar to IFRS. **Highlight main developments since last year's survey:** Since last year's survey, the CNBV is still working with the CINIF in the process of convergence with the IFRS. Particularly, the CNBV is assessing the possible changes in accounting standards in order to align them with the recognition and measurement criteria stated in IFRS 9. Regarding, the new accounting requirements for expected credit losses approach, contained in IFRS 9, the CNBV is assessing the main difference between such approach and the supervisory standardized approach stated by the CNBV. In Mexico, banks are subject to expected-losses provisioning	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				rules since 2009. •The main portfolios of loans (consumer loan, loan secured by residential property and corporate loans) are under a standard loan provisioning methodologies based on the expected losses approach. •These methodologies enable the ability to obtain the expected loss on the loan portfolio over the next 12 months, considering the following risk drivers: Probability of Default (PD), Loss Severity (SP) and Exposure at Default (EI). After completing the assessment, the CNBV will be able to take a position regarding the adoption or non-adoption of impairment requirements in line with IFRS 9. In January 2014, as a result of the financial reform approved by the Congress, the LRAF was considerably amended. Among other issues, the law provides that the supervision and regulation of financial groups should be carried out on a consolidated basis between the financial authorities. In this regard, Mexico's financial institutions are regulated by: • CNSF (Insurance and surety institutions). • CONSAR (Fund managers for pension funds) • CNBV (Banks and all financial institutions not	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				listed above). The most relevant topics that should be regulated and supervised by the regulators on a consolidated basis are: Prudential rules, accounting standards, financial statements approval process, and external auditors. In this sense, fair value accounting requirements aligned with IFRS 13 are going to be included in the draft of the tripartite regulation that is being developed by the three regulators. The regulators were working during 2015 in the tripartite rules draft. Consequently, the CNBV decided, as a first step, to finalize the tripartite rules draft developed by the CNBV, CNSF and CONSAR. Once said project is concluded, the CNBV will begin to align the fair value requirements for each financial entity under its supervision (during 2016). **Web-links to relevant documents:** Not applicable.	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VII.	**Enhancing risk management**				
16 (17)	Enhancing guidance to strengthen banks' risk management practices, including on liquidity and foreign currency funding risks	Regulators should develop enhanced guidance to strengthen banks' risk management practices, in line with international best practices, and should encourage financial firms to re-examine their internal controls and implement strengthened policies for sound risk management. (Washington) National supervisors should closely check banks' implementation of the updated guidance on the management and supervision of liquidity as part of their regular supervision. If banks' implementation of the guidance is inadequate, supervisors will take more prescriptive action to improve practices. (Rec. II.10, FSF 2008) Regulators and supervisors in emerging markets[1] will enhance their supervision of banks' operation in foreign currency funding markets. (FSB 2009) We commit to conduct robust, transparent stress tests as needed. (Pittsburgh)	Jurisdictions should indicate the policy measures taken to enhance guidance to strengthen banks' risk management practices. Jurisdictions may also refer to the following documents: • FSB's *thematic peer review report on risk governance (Feb 2013);* • Joint Forum's *Developments in credit risk management across sectors: current practices and recommendations (June 2015);* and • BCBS *Peer review of supervisory authorities' implementation of stress testing principles (Apr 2012)* and *Principles for sound stress testing practices and supervision (May 2009).*	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** ☐ **Implementation ongoing:** *Status of progress [for legislation and regulation/guidelines only]:* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Final rule (for part of the reform) in force since : ☑ **Implementation completed as of:** 01.01.2015 **Issue is being addressed through :** ☑ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Short description of the content of the legislation/ regulation/guideline:** Regulation and supervision of liquidity risk hinges on three core elements:	**Planned actions (if any) and expected commencement date:** During 2016, the CNBV will execute the World Bank's recommendation regarding the development of an Early Warning System in order to timely identify increases in financial institutions' risks. **Web-links to relevant documents:** Not applicable.

[1] Only the emerging market jurisdictions that are members of the FSB may respond to this recommendation.

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				1.Regulation on liquidity risk management practices, introduced in 2014 in the CUB to implement the BCBS Sound Principles for Liquidity Risk Management and Supervision. 2.Regulation jointly issued by Banxico and the CNBV on 31 December 2014 to implement the BCBS LCR. 3.Regulation introduced by Banxico since before the crisis on foreign currency operations by banks (limit on the Net Open Position, short term liquidity requirement, and structural liquidity requirement). All of these elements are explained below. The financial reform of January 2014 includes specific provisions in the LIC, empowering the CNBV and Banco de México to jointly issue regulation on liquidity. The general guidelines and reference structure for the liquidity requirements for Mexican banks were approved and issued on 17 October 2014. The Mexican framework for LCR requirements (assessed as Compliant with the Basel Standard) was issued in December 2014 through the publication of the General Provisions on Liquidity Requirements for Commercial Banks, and entered into force in January 2015. Along with the LCR regulation, in 2014	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				the Mexican authorities also implemented a regulation which includes the Basel Sound Principles for Liquidity Risk Management and Supervision, and are currently working in the development of the LCR monitoring tools. The LCR applies to all commercial banking institutions. Development banks are not required to comply with LCR regulation. Nevertheless, both credit institutions (commercial and development banks) are required to comply with the Sound Principles for Liquidity Risk Management established by the BCBS and to report the necessary information to calculate the LCR to the authorities. As for the regulation on foreign currency operations, it consists of three parts: The regulation for FX operations consists of three parts: 1) Limits to the net open position. To minimize currency mismatch, the net open position in foreign currency is limited to 15 percent of Tier-1 capital (including peso denominated products linked to the exchange rate). This minimizes (balance sheet) losses when peso experiences drastic adjustments. 2) Liquidity ratio on foreign currency. Banking institutions must hold enough liquid assets to meet	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				their short term obligations. This reduces the risk that institutions will incur losses due to fire sales of illiquid assets, and it also prevents institutions from putting undue pressure in the FX market when having to cover liabilities in foreign currency. 3) A structural liquidity requirement to balance the medium term maturity structure between assets and liabilities. Regarding stress testing: the CNBV is acting on a three-pronged approach: i. Development of a new agenda for risk management supervision, stress testing the risk governance of banks based on lessons from the recent crisis. ii. A stress test exercise for banks involved on traditional activities. The exercise should allow high level discussions on the bank's capital requirements for the following two years. iii. Development of a framework to conduct systemic risk analysis to address potential contagion among institutions through interbank and derivative exposures. In addition, the CESF coordinates the efforts between Banco de México and the prudential regulator on the design of the stress tests. **Highlight main developments since last year's survey:**	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				Regarding the CNBV's Comprehensive Supervisory Project (Proyecto Integral de Supervisión, the CNBV undertook the project: "Mexico: Strengthening Banking Risk Based Supervision (RBS), together with the World Bank, which started in April 2014 and concluded in September 2015, with the following objective: to strengthen the CNBV's risk-based bank supervision by establishing an enhanced governance structure, a mix of on-site and off-site supervision methodologies, supervisory tools, process, and a set of monitoring indicators that enable supervisors to effectively monitor the banking system and promote the stability of Mexico's financial sector. •In November 2015 the CNBV introduced an updated and improved risk assessment and supervisory response tool known as CEFER (Financial Entities Risk Based Score) which considers the following key factors: Assessment of inherent risks, by using financial metrics and expert criteria. •Assessment of mitigation elements, according to a methodology that considers regulation compliance, as well as corporate governance and	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				controls, according to best practices. The following topics are analyzed: corporate governance, operational management, risk management, internal control and auditing. •Evaluation of Net Risk, by considering both inherent risks and mitigants. •Financial strength, by considering the solvency of the institutions in order to face net risks •Additional elements (financial strength, business risk, stock exchange market listing, systemic importance). This supervisory tool is the centerpiece of the CNBV's risk-based supervisory approach and it enhances a systematic and structured mechanism to evaluate risk while minimizing idiosyncratic assessment through a common framework of quantitative and qualitative key risk indicators. **Web-links to relevant documents:** Regulatory Consistency Assessment Programme (RCAP), Assessment of Basel III LCR regulations (RCAP-LCR) –Mexico, March 2015 http://www.bis.org/bcbs/publ/d316.pdf General Provisions on Liquidity Requirements for Commercial Banks http://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20carácter%20general%20sobre%20los%20requerimientos%	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				20de%20liquidez%20para%20las%20instrituciones%20de%20banca%20múltiple.pdf http://www.cnbv.gob.mx/Anexos/Anexo%201%20Requerimientos%20de%20liquidez.pdf	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
17 (18)	Enhanced risk disclosures by financial institutions	Financial institutions should provide enhanced risk disclosures in their reporting and disclose all losses on an ongoing basis, consistent with international best practice, as appropriate. (Washington) We encourage further efforts by the public and private sector to enhance financial institutions' disclosures of the risks they face, including the ongoing work of the Enhanced Disclosure Task Force. (St. Petersburg)	Jurisdictions should indicate the status of implementation of the disclosures requirements of IFRSs (in particular IFRS 7 and 13) or equivalent. Jurisdictions may also use as reference the recommendations of the October 2012 report by the Enhanced Disclosure Task Force on *Enhancing the Risk Disclosures of Banks* and *Implementation Progress Report by the EDTF (Dec 2015)*, and set out any steps they have taken to foster adoption of the EDTF Principles and Recommendations.	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** ☐ **Implementation ongoing:** *Status of progress [for legislation and regulation/guidelines only]:* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Final rule (for part of the reform) in force since : ☑ **Implementation completed as of:** 01.01.2015 **Issue is being addressed through :** ☑ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Short description of the content of the legislation/ regulation/guideline:** In line with the Liquidity Coverage Ratio disclosure standards published in 2014, the Mexican banks are required to disclose, on a quarterly basis, the average LCR of that quarter, as well as a template designed in line with this standard. Besides, banks are required to provide	**Planned actions (if any) and expected commencement date:** The CNBV will begin to align the fair value requirements for each financial entity under its supervision once the tripartite rules have been issued (during 2016-2017).Regarding disclosure requirements, the CNBV is assessing the possible changes in its accounting standards in order to align them to IFRS 7. **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				qualitative information regarding the evolution of their liquidity position and explaining how the bank is mitigating such risks. **Highlight main developments since last year's survey:** Since the approval of the 2014 financial reform where the LIC was amended, enhanced risk disclosure requirements were introduced as mandatory for banking institutions. In December 2014, certain disclosure requirements (assessed as compliant with the Pillar 3 of Basel Standard by the BCBS RCAP evaluation) were included in the credit institutions regulation. These new requirements were included as part of the comprehensive risk management framework. The main changes relate to: credit risk exposures, credit risk mitigation, securitizations and remunerations, among others. The transitional arrangements of the LCR rule published in December, established that large banks had to publish their LCR and liquidity related information following 1Q15, and that medium and small banks had to start publishing their LCR information following 3Q15. However all banks were already submitting their data	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				to compute the LCR since January 2015. Regarding fair value requirements the three financial regulatory commissions have been carrying out a joint work for developing tripartite rules in this matter. These rules will harmonize its treatment among all financial institutions. **Web-links to relevant documents:** Provisions for Credit Institutions (CUB, for its acronym in Spanish) http://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20carácter%20general%20aplicables%20a%20las%20instituciones%20de%20crédito.pdf	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VIII. Strengthening deposit insurance					
18 (19)	Strengthening of national deposit insurance arrangements	National deposit insurance arrangements should be reviewed against the agreed international principles, and authorities should strengthen arrangements where needed. (Rec. VI.9, FSF 2008)	Jurisdictions should describe any revisions made to national deposit insurance system, including steps taken to address the following recommendations of the FSB's February 2012 *thematic peer review report on deposit insurance systems:* • Adoption of an explicit deposit insurance system (for those jurisdictions that do not have one) • Addressing the weaknesses and gaps to full implementation of the *Core Principles for Effective Deposit Insurance Systems* issued by IADI in November 2014.	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** ☐ **Implementation ongoing:** *Status of progress [for legislation and regulation/guidelines only]:* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Final rule (for part of the reform) in force since : ☑ **Implementation completed as of:** 10.01.2014 **Issue is being addressed through :** ☑ Primary / Secondary legislation ☑ Regulation /Guidelines ☑ Other actions (such as supervisory actions), please specify: Self- assessment and Financial Sector Assessment Program (FSAP). **Short description of the content of the legislation/ regulation/guideline:** The Bank Savings Protection Institute (IPAB, for its acronym in Spanish) created by the Bank Savings' Protection	**Planned actions (if any) and expected commencement date:** The FSAP will conclude with a set of recommendations to address any gaps to the full implementation of the Core Principles, which the IPAB will then evaluate. Moreover, the IPAB is in the process of identifying issues that could be included in a proposal for law reform to strengthen the deposit insurance system. **Web-links to relevant documents:** Not applicable.

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				Law (LPAB, for its acronym in Spanish) as a decentralized agency, governed by its own law and with its own budget, is the public agency in charge of managing the bank deposit insurance system, which was created to protect customers insured under the terms and conditions established in the Banking Savings Protection Act. In addition, the IPAB protects those savings belonging to small and mid-level bank depositors and resolves banks with solvency problems at the least possible cost. The 2014 financial reform introduced new regulation that improves the framework for the banking resolution processes. This regulation allows Mexican financial authorities to take all the appropriate measures in order to ensure an orderly and clear exit of a banking institution. The early warnings regime was modified in the Banking Institutions Law (LIC, for its acronym in Spanish), as well as the preventive and corrective measures. A provision for mandatory stress, recovery (referred to as contingency in regulation) and resolution plans was also introduced. Furthermore, a judicial settlement scheme was added in order to foresee the intervention of a judge, who in	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				collaboration with the IPAB, allows for a rapid resolution of institutions that do not have enough assets to cover their liabilities. The IPAB is still working on the implementation of the guidelines and secondary legislation resulting from the 2014 Financial Reform. These include: • The reimbursement process for insured deposits that exceed the coverage limit and non-insured liabilities (possibility for bank failures that entail systemic risk) (established in Art 148, section II (b) of the LIC). • The payment process for the reimbursement of insured deposits (as established in Art 11 of the LIC). • The process to be followed regarding joint accounts with more than one account holder (as established in 189 section IV of the LIC). • The establishment of conflict of interest rules applicable to participants in asset sale processes (established in Art 207 of the LIC). • The Transfer of Assets and Liabilities (established in Art 194 of the LIC). • The process for calculating the deposit insurance fees to be paid by banks to the IPAB (as established in Art 22 of the LPAB. • The self-corrective measures programs prepared by banks (as established in Art 109 bis 10 of the LIC).	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				• Bank Resolution Plans (as established in Art 120 of the LIC). • The classification of banks' assets (overdue balance) and liabilities (insured deposits) (as established in Art 124 of the LIC). • The elements to be included in the technical study to determine the appropriate resolution mechanism for a failed bank (as referred to in Art 187 of the LIC). **Highlight main developments since last year's survey:** Given the amedments to the Core Principles for Effective Deposit Insurance Systems; in December 2015, the IPAB started a full self-assessment, in order to evaluate the weaknesses and gaps of the current framework and how they may be addressed. In addition, in the context of the FSAP carried out in early 2016, the IPAB has requested a full assessment of compliance with the Core Principles. In 2015, IPAB's Governing Board approved the General Guidelines that Establish the Programs and Agenda for the Preparation of Resolution Plans of Financial Institutions, as well as their content, scope and other characteristics as referred to in article 120 of LIC	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				Web-links to relevant documents: Credit Institutions Law (LIC, for its acronym in Spanish): http://www.diputados.gob.mx/LeyesBiblio/pdf/43.pdf Bank Savings Protection Act (LPAB, for its acronym in Spanish): http://www.diputados.gob.mx/LeyesBiblio/pdf/62.pdf	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
IX.	**Safeguarding the integrity and efficiency of financial markets**				
19 (20)	Enhancing market integrity and efficiency	We must ensure that markets serve efficient allocation of investments and savings in our economies and do not pose risks to financial stability. To this end, we commit to implement initial recommendations by IOSCO on market integrity and efficiency, including measures to address the risks posed by high frequency trading and dark liquidity, and call for further work by mid-2012. (Cannes)	Jurisdictions should indicate whether high frequency trading and dark pools exist in their national markets. Jurisdictions should indicate the progress made in implementing the recommendations: • in relation to dark liquidity, as set out in the IOSCO *Report on Principles for Dark Liquidity (May 2011).* • on the impact of technological change in the IOSCO *Report on Regulatory Issues Raised by the Impact of Technological Changes on Market Integrity and Efficiency (Oct 2011).* • on market structure made in the IOSCO Report on *Regulatory issues raised by changes in market structure (Dec 2013).*	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** ☐ **Implementation ongoing:** *Status of progress [for legislation and regulation/guidelines only]:* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Final rule (for part of the reform) in force since : ☑ **Implementation completed as of:** September, 2010 **Issue is being addressed through :** ☐ Primary / Secondary legislation ☐ Regulation /Guidelines ☑ Other actions (such as supervisory actions), please specify: Since the issuance of the CNBV's rules for direct market access (DMA), in September 2010, in the Provisions for Broker-Dealers (CUCB), the Mexican Stock Exchange has amended its trading rules and other procedures in order to comply with the regulation. Moreover,	**Planned actions (if any) and expected commencement date:** The CNBV will be working, during 2016, on modifying its secondary regulation in order to have in place a sound regulatory framework that properly addresses the establishment of other stock exchanges in Mexico. **Web-links to relevant documents:** Not applicable.

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				their internal bylaws have been improved in order to establish better procedures for dealing with technological changes, trading errors (fat fingers for example), and pre-trade checks. **Short description of the content of the legislation/ regulation/guideline:** On 10 September 2010, the CUCB were issued providing the regulatory framework applicable to the DMA. These provisions provided the operational rules for the electronic access to the market including the following: the authorized channels, the transmission vehicles, the electronic trading system, unusual trading movement, closing trades and quotes. Additionally, the rules stated the procedures for transmitting orders to the electronic book as well as the requirements and procedures for approval. They also provided obligations, preemptive disciplinary and corrective measures. The Mexican Stock Exchange has amended its trading rules and other procedures in order to comply with the regulation. In their internal by-laws enhanced procedures were introduced for dealing with technological changes, trading errors (fat fingers for example) and pre-trade checks.	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				Highlight main developments since last year's survey: In 2016, the CNBV adjusted the norm that regulates brokers on block trades. **Web-links to relevant documents:** Securities Markets Law (LMV, for its acronym in Spanish). http://www.cnbv.gob.mx/Normatividad/Ley%20del%20Mercado%20de%20Valores.pdf Provisions for Broker-Dealers (CUCB, for its acronym in Spanish) http://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20carácter%20general%20aplicables%20a%20las%20casas%20de%20bolsa.pdf LMV http://www.cnbv.gob.mx/Normatividad/Ley%20del%20Mercado%20de%20Valores.pdf	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
20 (21)	Regulation and supervision of commodity markets	We need to ensure enhanced market transparency, both on cash and financial commodity markets, including OTC, and achieve appropriate regulation and supervision of participants in these markets. Market regulators and authorities should be granted effective intervention powers to address disorderly markets and prevent market abuses. In particular, market regulators should have, and use formal position management powers, including the power to set ex-ante position limits, particularly in the delivery month where appropriate, among other powers of intervention. We call on IOSCO to report on the implementation of its recommendations by the end of 2012. (Cannes) We also call on Finance ministers to monitor on a regular basis the proper implementation of IOSCO's principles for the regulation and supervision on commodity derivatives markets and encourage broader publishing and unrestricted access to aggregated open interest data. (St. Petersburg)	Jurisdictions should indicate whether commodity markets of any type exist in their national markets. Jurisdictions should indicate the policy measures taken to implement the principles found in IOSCO's report on *Principles for the Regulation and Supervision of Commodity Derivatives Markets (Sep 2011)*. Jurisdictions, in responding to this recommendation, may also make use of the responses contained in the update to the survey published by IOSCO in September 2014 on the principles for the regulation and supervision of commodity derivatives markets.	☑ **Not applicable** The volume of the local commodity derivatives market is negligible and, considering that local spot commodity markets are practically non-existent, current regulation requires commodity derivatives to be cleared and settled only in cash. There is only one "Commodity" contract traded in the Mexican Derivatives Exchange, which is referred to a contract traded in another market, OTC commodity derivatives are scarcely traded. ☐ **Applicable but no action envisaged at the moment** ☐ **Implementation ongoing:** *Status of progress [for legislation and regulation/guidelines only]:* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Final rule (for part of the reform) in force since : ☐ **Implementation completed as of:** **Issue is being addressed through :** ☐ Primary / Secondary legislation	**Planned actions (if any) and expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Short description of the content of the legislation/ regulation/guideline:** **Highlight main developments since last year's survey:** **Web-links to relevant documents:**	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
21 (22)	Reform of financial benchmarks	We support the establishment of the FSB's Official Sector Steering Group to coordinate work on the necessary reforms of financial benchmarks. We endorse IOSCO's Principles for Financial Benchmarks and look forward to reform as necessary of the benchmarks used internationally in the banking industry and financial markets, consistent with the IOSCO Principles. (St. Petersburg)	Collection of information on this recommendation will continue to be deferred given the forthcoming FSB progress report on implementation of FSB recommendations in this area, and ongoing IOSCO work to review the implementation of the IOSCO *Principles for Financial Benchmarks*.		

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
X.	**Enhancing financial consumer protection**				
22 (23)	Enhancing financial consumer protection	We agree that integration of financial consumer protection policies into regulatory and supervisory frameworks contributes to strengthening financial stability, endorse the FSB report on consumer finance protection and the high level principles on financial consumer protection prepared by the OECD together with the FSB. We will pursue the full application of these principles in our jurisdictions. (Cannes)	Jurisdictions should describe progress toward implementation of the OECD's *G-20 high-level principles on financial consumer protection (Oct 2011)*. Jurisdictions may also refer to OECD's *September 2013 and September 2014 reports* on effective approaches to support the implementation of the High-level Principles. The effective approaches are of interest across all financial services sectors – banking and credit; securities; insurance and pensions – and consideration should be given to their cross-sectoral character when considering implementation. Jurisdictions should, where necessary, indicate any changes or additions that have been introduced as a way to support the implementation of the High-level Principles, to address particular national terminology, situations or determinations.	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** ☐ **Implementation ongoing:** *Status of progress [for legislation and regulation/guidelines only]:* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Final rule (for part of the reform) in force since : ☑ **Implementation completed as of:** 10.01.2014 **Issue is being addressed through :** ☑ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Short description of the content of the legislation/ regulation/guideline:** The CNBV published in November 2012, and recently amended in January 2015, regulation for advisory and non-advisory financial services which is applicable to banks, brokerage firms, investment	**Planned actions (if any) and expected commencement date:** On-Site and Off-site supervision is carried out in order to assess the proper application of the regulation for the provision of advisory and non-advisory financial services. During 2016, the CNBV will conduct on-site supervision and require information through sweeps in order to identify potential compliance gaps for registered independent advisors, as well as entities or persons that would be non-compliant with registry requirements. **Web-links to relevant documents:** Not applicable.

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				advisers, mutual funds managers and independent distributors of mutual funds. Secondary regulation was modified to identify certain differences and requirements applicable to independent investment advisors. The new rules will enter into effect in December 2016. The Mexican financial regulation complies with the G20 High Level Principles on Financial Consumer Protection. Moreover, the 2014 financial reform strengthened the regulatory framework of the National Commission for Financial Consumer Protection (CONDUSEF) and granted it with additional powers. The amendments to the Financial Consumer Protection and Transparency Law vested CONDUSEF (Financial ombudsman) with powers to issue recommendations to financial institutions and to publish them, in order to identify activities that deviate from sound practices related to offering of financial services. On top of that, the new powers granted to CONDUSEF include the elimination of abusive clauses and tied sales in contracts, as well as regulation of collection agencies through financial institutions. In July 2014, due to the changes to its mandates the CONDUSEF launched and started	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				operating the "Financial Institutions Bureau" (Buró de Entidades Financieras). It is a public tool that lets consumers know about all the products offered by each financial institution, their commissions and fees, the number of claims that they have received, administrative sanctions that have been imposed, unfair terms of their contracts and other information that may be relevant to inform consumers about the performance of each financial institution. **Highlight main developments since last year's survey:** Regulation for advisory and non-advisory financial services for banks and broker-dealers came into force on 1 October 2014. In January 2015, this regulation was amended to require investment advisers, mutual funds managers and independent distributors of mutual funds to comply with the same rules as banks and broker-dealers. This amendment will come into force in 2016 and will address several effective approaches to support the increase in compliance with the G20 High-level Principles as it entails rules related to suitability, proper disclosure of key features of financial products and	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				transparency of fees, charges and risks. Finally, with respect to complaints handling and redress, this regulation requires banks, brokerage firms, investment advisers, mutual funds managers and independent distributors of mutual funds to provide its customers with an effective complaint mechanism as well as to periodically provide data from consumer complaints to the supervisory agencies. In terms of mechanisms for cooperation between the CNBV and CONDUSEF, the CNBV provides specific disclosure issues on complex financial products or services, their characteristics and risks, in order to broaden the provision of investor education programs, as well as to receive information of non-compliance and misconduct cases that harm investors so the CNBV is able to initiate enforcement actions. It is important to keep in mind that CONDUSEF is entitled to put forward conciliatory settlements, act as arbitrator and to promote financial education programs. **Web-links to relevant documents:** Provisions for Investment Services http://www.cnbv.gob.mx/Normatividad/D	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				isposiciones%20de%20carácter%20general%20aplicables%20a%20las%20entidades%20financieras%20y%20demás%20personas%20que%20proporcionen%20servicios%20de.pdf Financial Institutions Bureau (Buró de Entidades Financieras): http://www.buro.gob.mx/	

XI. Source of recommendations:

Brisbane: G20 Leaders' Communique (15-16 November 2014)
St Petersburg: The G20 Leaders' Declaration (5-6 September 2013)
Los Cabos: The G20 Leaders' Declaration (18-19 June 2012)
Cannes: The Cannes Summit Final Declaration (3-4 November 2011)
Seoul: The Seoul Summit Document (11-12 November 2010)
Toronto: The G-20 Toronto Summit Declaration (26-27 June 2010)
Pittsburgh: Leaders' Statement at the Pittsburgh Summit (25 September 2009)
London: The London Summit Declaration on Strengthening the Financial System (2 April 2009)
Washington: The Washington Summit Action Plan to Implement Principles for Reform (15 November 2008)
FSF 2008: The FSF Report on Enhancing Market and Institutional Resilience (7 April 2008)
FSF 2009: The FSF Report on Addressing Procyclicality in the Financial System (2 April 2009)
FSB 2009: The FSB Report on Improving Financial Regulation (25 September 2009)
FSB 2012: The FSB Report on Increasing the Intensity and Effectiveness of SIFI Supervision (1 November 2012)

XII. List of Abbreviations used:

CNBV: National Banking and Securities Commission (Comisión Nacional Bancaria y de Valores) CNSF: National Insurance and Sureties Commision (Comisión Nacional de Seguros y Fianzas) CONDUSEF: National Commission for the Protection and Defense of Financial Services Consumers (Comisión Nacional para la Protección y Defensa de los Usuarios de Servicios Financieros) CONSAR: Commission for Pension Funds (Comisión Nacional del Sistema de Ahorro para el Retiro) CESF:Financial System Stability Council (Consejo de Estabilidad del Sistema Financiero) CINIF: Mexican Financial Reporting Standards Board (Consejo Mexicano de Normas de Información Financiera, A.C.) CUE: General Provisions for Securities Issuers (Circular Única de Emisoras) CUB: General Provisions for Banks (Circular Única de Bancos) CUCB: General Provisions for Broker Dealers (Circular Única de Casas de Bolsa) DSI: General Provisions for Banks and Broker Dealers on Investment Services (Disposiciones de carácter general aplicables a las casas de bolsa e instituciones de crédito en materia de servicios de inversión) FSAP: Financial Sector Assessment Program FSB: Financial Stability Board FSSC: Financial System Stability Council IFRS: International Financial Reporting Standards IPAB: Bank Savings Protection Institute (Instituto para la Protección al Ahorro Bancario) LEI: Legal Entity Identifier LISF: Insurance and Surety Institutions Law (Ley de Instituciones de Seguros y de Fianzas) LFI: Investment Funds Law (Ley de Fondos de Inversión) IOSCO MMOU IOSCO Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information LIC: Banking Institutions Law (Ley de Instituciones de Crédito) LMV: Securities Market Law (Ley del Mercado de Valores) LGOAAC: Credit Organisations and Ancillary Activities Law (Ley General de Organizaciones y Actividades Auxiliares del Crédito). LPAB: Bank Savings' Protection Law (Ley de Protección al Ahorro Bancario) LRAF: Financial Instituions Law (Ley para Regular las Agrupaciones Financieras) MFA:

Mexican Financial Authorities MFRS: Mexican Financial Reporting Standards MOU: Memorandum of Understanding SHCP: Ministry of Finance and Public Credit (Secretaría de Hacienda y Crédito Público) SRC: Solvency Capital Requirements