

| |
|------------------------------------|
| Jurisdiction: <i>Mexico</i> |
|------------------------------------|

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

- I. [Hedge funds](#)
 - II. [Securitisation](#)
 - III. [Enhancing supervision](#)
 - IV. [Building and implementing macroprudential frameworks and tools](#)
 - V. [Improving oversight of credit rating agencies \(CRAs\)](#)
 - VI. [Enhancing and aligning accounting standards](#)
 - VII. [Enhancing risk management](#)
 - VIII. [Strengthening deposit insurance](#)
 - IX. [Safeguarding the integrity and efficiency of financial markets](#)
 - X. [Enhancing financial consumer protection](#)
 - XI. [Reference to source of recommendations](#)
 - XII. [List of abbreviations](#)
-

2017 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 | <p>We also firmly recommitted to work in an internationally consistent and non-discriminatory manner to strengthen regulation and supervision on hedge funds. (Seoul)</p> <p>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)</p> | <p>Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2016 IMN survey. Given this, the reporting of progress with respect to this recommendation will take place every 2-3 years henceforth (i.e. in 2019 or 2020).</p> | | |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|----------|--|---|---|--|---|
| 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) | <p>Jurisdictions should indicate the progress made in implementing recommendation 6 in IOSCO's Report on Hedge Fund Oversight (Jun 2009) on sharing information to facilitate the oversight of globally active fund managers.</p> <p>In addition, jurisdictions should state whether they are:</p> <ul style="list-style-type: none"> - Signatory to the IOSCO MMoU in relation to cooperation in enforcement - Signatory to bilateral agreements for supervisory cooperation that cover hedge funds and are aligned to the 2010 IOSCO Principles Regarding Cross-border Supervisory Cooperation. <p>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.</p> | <p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If "Not applicable" or "Applicable but no action envisaged ..." has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <ul style="list-style-type: none"> <input type="checkbox"/> Draft in preparation, expected publication by: <input type="checkbox"/> Draft published as of: <input type="checkbox"/> Final rule or legislation approved and will come into force on: <input type="checkbox"/> Final rule (for part of the reform) in force since: <p><input checked="" type="checkbox"/> Implementation completed as of: 10.01.2014</p> <p>Issue is being addressed through:</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>In accordance with the Mexican Financial Reform enacted in January 2014, the Securities Market Law (LMV, for its Acronym in Spanish) and the Investment Fund Law (LFI, for its Acronym in Spanish), among others, set forth that the National Banking and Securities Commission (CNBV, for its Acronym in</p> | <p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Planned actions (if any) and expected commencement date:</p> <p>The CNBV will continue to carry out on-going assessments on any need to enter into new arrangements of cooperation and information sharing with foreign financial authorities, within the framework of its competence. To date there are no further actions envisaged.</p> <p>Web-links to relevant documents:</p> |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|----|-------------|-------------------------|---------|--|------------|
| | | | | <p>Spanish) and the Central Bank (Banxico), within their respective scope of competence, are empowered to provide foreign financial authorities with any type of information as they deem it necessary in order to respond to requests of information made by such foreign authorities. For this purpose, authorities should have in place an arrangement with the applicable foreign financial authority for the sharing of information, in which the principle of reciprocity is considered. The CNBV became a signatory to the IOSCO MMoU on 14 March 2003. In addition, the Commission has entered into memoranda of understanding with several European financial authorities under the Alternative Investment Fund Managers Directive.</p> <p>Highlight main developments since last year's survey:</p> <p>No change in implementation since last year.</p> <p>Web-links to relevant documents:</p> <p>IOSCO MMoU signatories https://www.iosco.org/about/?subSection=mmou&subSection1=signatories</p> | |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|----------|--|---|--|--|--|
| 3 (3) | Enhancing counterparty risk management | <p>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)</p> <p>Supervisors will strengthen their existing guidance on the management of exposures to leveraged counterparties. (Rec. II.17, FSF 2008)</p> | <p>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.</p> <p>In particular, jurisdictions should indicate whether they have implemented recommendation 3 of the IOSCO Report on Hedge Fund Oversight (Jun 2009).</p> <p>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.</p> <p>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.</p> | <p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment <i>If "Not applicable" or "Applicable but no action envisaged ..." has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing: <i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input checked="" type="checkbox"/> Implementation completed as of: 19.05.2014</p> <p>Issue is being addressed through:</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>In compliance with recommendation 3 of IOSCO Objectives and Principles of Securities Regulation, Mexican financial institutions are regulated and supervised entities required to have in place a comprehensive risk management framework. In particular, provisions set forth in Mexico require institutions to have</p> | <p>Planned actions (if any) and expected commencement date:</p> <p>To date there are no further actions envisaged.</p> <p>Web-links to relevant documents:</p> |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|----|-------------|-------------------------|---------|--|------------|
| | | | | <p>in place sound risk management systems and controls to monitor their counterparty credit risk exposures. This should be done by considering not only the current exposure but also the potential future exposure. It should be noted that provisions are not counterparty specific, thus, same provisions are applicable for all counterparties. In particular, to hedge funds. This regulatory framework is set forth by the Provisions for Credit Institutions (CUB, for its acronym in Spanish) and for Broker Dealers (CUCB, for its acronym in Spanish). Since these are secondary legislation, they could be regularly amended and gives legislators more flexibility for adapting to new market conditions and scenarios.</p> <p>Highlight main developments since last year's survey:</p> <p>No change in implementation since last year.</p> <p>Web-links to relevant documents:</p> <p>Provisions for Credit Institutions (CUB, for its acronym in Spanish) http://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20car%C3%A1cter%20general%20aplicables%20a%20las%20instituciones%20de%20cr%C3%A9dito.pdf Provisions for broker Dealers (CUCB, for its acronym in Spanish) http://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20car%C3%A1cter%20general%20aplicables%20a%20las%20casas%20de%20bolsa.pdf</p> | |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|---------------------------|---|---|--|------------------|------------|
| 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) | Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2016 IMN survey. Given this, the reporting of progress with respect to this recommendation will take place every 2-3 years henceforth (i.e. in 2019 or 2020). | | |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|----------|---|--|--|--|--|
| 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) | <p>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.</p> <p>Jurisdictions may reference IOSCO's report on Good Practices in Relation to Investment Managers' Due Diligence When Investing in Structured Finance Instruments (Jul 2009).</p> <p>Jurisdictions may also refer to the Joint Forum report on Credit Risk Transfer-Developments from 2005-2007 (Jul 2008).</p> | <p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If "Not applicable" or "Applicable but no action envisaged ..." has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input checked="" type="checkbox"/> Implementation completed as of: 01.12.2010</p> <p>Issue is being addressed through:</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>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 used to provide investment advice (advisory services) and general recommendations</p> | <p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Planned actions (if any) and expected commencement date:</p> <p>To date there are no further actions envisaged.</p> <p>Web-links to relevant documents:</p> |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| | | | | | |
|--|--|--|--|---|--|
| | | | | <p>(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 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</p> | |
|--|--|--|--|---|--|

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| | | | | | |
|--|--|--|--|--|--|
| | | | | <p>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.</p> <p>Highlight main developments since last year's survey:</p> <p>The CNBV modified the regulation for 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 are 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 entered into force in December 2016.</p> <p>Web-links to relevant documents:</p> <p>Investment Funds Law (LFI, for its acronym in Spanish) http://www.cnbv.gob.mx/Normatividad/Ley%20de%20Fondos%20de%20Inversi%C3%B3n.pdf Provisions for Investment Funds (CUFI, for its acronym in Spanish) http://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20car%C3%A1cter%20general%20aplicables%20a%20los%20fondos%20de%20inversi%C3%B3n.pdf Provisions for Investment Services http://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20car%C3%A1cter%20general%20aplicables%20a%20las%20entidades%20financieras%20y%20dem%C3%A1s%20personas%20que%20proporcionen%20servicios%20de.pdf</p> | |
|--|--|--|--|--|--|

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| 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) | <p>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.</p> <p>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.</p> | <p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If "Not applicable" or "Applicable but no action envisaged ..." has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input checked="" type="checkbox"/> Implementation completed as of: 01.10.2015</p> <p>Issue is being addressed through:</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>In accordance to Pillar 3 of the Basel Standard, domestic regulation regarding securitization disclosure was amended in December 2014. The changes included quantitative and qualitative disclosure requirements regarding the objectives of the securitization, inherent risks, positions and exposures hold by the institutions,</p> | <p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Planned actions (if any) and expected commencement date:</p> <p>To date there are no further actions envisaged.</p> <p>Web-links to relevant documents:</p> |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|----|-------------|-------------------------|---------|---|------------|
| | | | | <p>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.</p> <p>Highlight main developments since last year's survey:</p> <p>No change in implementation since last year.</p> <p>Web-links to relevant documents:</p> <p>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%20car%C3%A1cter%20general%20aplicables%20a%20las%20emisoras%20de%20valores.pdf General Provisions for Credit Institutions (CUB, for its acronym in Spanish) http://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20car%C3%A1cter%20general%20aplicables%20a%20las%20instituciones%20de%20cr%C3%A9dito.pdf</p> | |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|-----------------------------------|--|--|---|--|--|
| 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) | <p>Jurisdictions should indicate: (1) whether they have identified domestic SIFIs and, if so, in which sectors (banks, insurers, other etc.); (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.</p> <p>Jurisdictions should 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.</p> <p>See, for reference, the following documents:</p> <p>BCBS:</p> <ul style="list-style-type: none"> • Framework for G-SIBs (Jul 2013) • Framework for D-SIBs (Oct 2012) <p><u>IAIS:</u></p> <ul style="list-style-type: none"> • Global Systemically Important Insurers: Policy Measures (Jul 2013) and revised assessment methodology (updated in June 2016) • IAIS SRMP guidance - FINAL (Dec 2013) | <p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “Not applicable“ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input checked="" type="checkbox"/> Implementation completed as of: 30.04.2016</p> <p>Issue is being addressed through:</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>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 sound functioning of the financial system. In 2014, the Law to</p> | <p>Planned actions (if any) and expected commencement date:</p> <p>Ongoing monitoring process and during 2017, the CNBV will develop specialized analysis tools to conduct regular assessments on financial institution’s systemic importance.</p> <p>Web-links to relevant documents:</p> |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|----|-------------|-------------------------|---|--|------------|
| | | | <ul style="list-style-type: none"> • <i>Guidance on Liquidity management and planning (Oct 2014)</i> <p><u>FSB:</u></p> <ul style="list-style-type: none"> • <i>Framework for addressing SIFIs (Nov 2011)</i> | <p>Regulate Financial Groups (LRAF, for is acronym in Spanish) was amended and the CESF was established in Law. The Financial Reform 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.</p> <p>Highlight main developments since last year's survey:</p> <p>CNBV and Banxico continued their bottom-up and top-down stress tests and analysis. During 2016, CNBV worked on the concerns identified during its 2015 technical assessment over its systemic risk model. This model constitutes an important internal supervisory tool for the timely identification of potential risks. The DSIBs methodology and procedures for identifying domestic systemically important banks, as well as higher loss absorbency requirements were published on 31 December 2015, and entered into force on 30 April 2016. The methodology is publicly disclosed and relies on a score based on five key factors proposed by the Basel standard: size, interconnectivity, relevance of the infrastructure and services supplied and complexity. For classification purposes, DSIBs are classified in five different categories according to their score. The first list of DSIBs, and their applicable surcharges, were publicly released on May 1st, 2016. An updated list was released on December 16th, and DSIBs are the same in both lists. (Lists are reviewed twice a year, in April and November).</p> | |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|----|-------------|-------------------------|---------|--|------------|
| | | | | <p>Web-links to relevant documents:</p> <p>General Provisions for Credit Institutions (CUB, for its acronym in Spanish) http://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20car%C3%A1cter%20general%20aplicables%20a%20las%20instituciones%20de%20cr%C3%A9dito.pdf List of DSIBs: May 2016 http://www.cnbv.gob.mx/SECTORES-SUPERVISADOS/BANCA-MULTIPLE/Prensa%20%20Sector%20Bancario/Comunicado%20de%20Prensa%2032-2016.pdf Dec 2016 http://www.cnbv.gob.mx/SECTORES-SUPERVISADOS/BANCA-MULTIPLE/Prensa%20%20Sector%20Bancario/Comunicado%20de%20Prensa%20104-2016.pdf May 2017 https://www.gob.mx/cms/uploads/attachment/file/209731/Comunicado_Prensa_32-2017.pdf 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 Report on the Mexican financial system (2016) http://www.banxico.org.mx/publicaciones-y-discursos/publicaciones/informes-periodicos/reporte-sf/%7B14D26AD1-8933-0713-B7D6-59CBBC13ECEA%7D.pdf</p> | |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|----------|---|---|--|--|---|
| 8 (8) | Establishing supervisory colleges and conducting risk assessments | <p>To establish the remaining supervisory colleges for significant cross-border firms by June 2009. (London)</p> <p>We agreed to conduct rigorous risk assessment on these firms [G-SIFs] through international supervisory colleges. (Seoul)</p> | <p>Reporting in this area should be undertaken solely by home jurisdictions of global systemically important insurers (G-SIIs). The BCBS is separately monitoring implementation progress in this area with respect to banks.</p> <p>Please indicate the progress made in establishing and strengthening the functioning of supervisory colleges for G-SIIs, including the development of any joint supervisory plans within core colleges and leveraging on supervisory activities conducted by host authorities.</p> <p>See, for reference, the following IAIS documents:</p> <ul style="list-style-type: none"> • 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) | <p><input checked="" type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “Not applicable“ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Mexico is not home to any significant cross-border financial firms.</p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input type="checkbox"/> Implementation completed as of:</p> <p>Issue is being addressed through:</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Highlight main developments since last year’s survey:</p> | <p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p> |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|----|-------------|-------------------------|---------|----------------------------------|------------|
| | | | | Web-links to relevant documents: | |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|----------|--|--|---|--|---|
| 9 (9) | Supervisory exchange of information and coordination | <p>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)</p> <p>Enhance the effectiveness of core supervisory colleges. (FSB 2012)</p> | <p>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.</p> <p>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).</p> | <p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment <i>If “Not applicable“ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing: <i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input checked="" type="checkbox"/> Implementation completed as of: 10.01.2014</p> <p>Issue is being addressed through:</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>As mentioned before, the Mexican legal framework sets forth that the SHCP, CNBV, IPAB and Banxico, in the scope of their respective competence, are empowered to provide foreign financial authorities with any type of information as it is deemed necessary in order to</p> | <p>Planned actions (if any) and expected commencement date:</p> <p>CNBV, Banco de Mexico and IPAB are permanently assessing their needs to expand their platform for international cooperation and the exchange of information (MOUs) with foreign authorities.</p> <p>Web-links to relevant documents:</p> |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|----|-------------|-------------------------|---------|---|------------|
| | | | | <p>respond to requests of information made by such foreign authorities. For this purpose, Mexican authorities should have in place an MoU, with the applicable foreign financial authority, for the sharing of information in which the principle of reciprocity is considered. The CNBV participates in supervisory colleges and, together with Banco de Mexico, in crisis management groups of foreign banks related to the parent banks of some of the largest banks in Mexico, including the colleges of: BBVA • Citigroup • HSBC • Santander • Bank of Nova Scotia, and the CMGs of Citigroup, HSBC and Santander. The cooperation agreements required by the crisis management groups have been duly signed by Mexican Authorities in order to properly communicate and coordinate with its foreign counterparts, both, during business-as-usual as in times of crisis. The Commission has strong international cooperation policies with foreign financial authorities, including MoUs (for the sharing of public and non-public information and for alerting each other on issues of common interest or common concerns). The Banking Savings Deposit Institute (IPAB, for its acronym in Spanish), is also a member of Crisis Management Groups and participates as an observer in the Resolution Colleges of the banks mentioned above. These groups, among other activities, promote the exchange of experiences, approaches and strategies on recovery and resolutions plans.</p> | |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|----|-------------|-------------------------|---------|---|------------|
| | | | | <p>Highlight main developments since last year's survey:</p> <p>IPAB is currently negotiating an MoU with the Single Resolution Board of the EU.</p> <p>Web-links to relevant documents:</p> <p>Banking Institutions Law (LIC, for its acronym in Spanish) http://www.diputados.gob.mx/LeyesBiblio/pdf/43_170616.pdf</p> | |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|------------|---|---|--|--|--|
| 10 (10) | Strengthening resources and effective supervision | <p>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)</p> <p>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)</p> <p>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)</p> | <p>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).</p> <p>Jurisdictions should also indicate any steps taken or envisaged in terms of resources/expertise, supervisory measures and/or regulation to strengthen the oversight of risks associated with financial innovation (FinTech).</p> | <p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If "Not applicable" or "Applicable but no action envisaged ..." has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input type="checkbox"/> Implementation completed as of:</p> <p>Issue is being addressed through:</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation /Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: Other actions include all the activities carried out to achieve the objective of the project: "Mexico: Strengthening Banking Risk Based Supervision (RBS), which are described in further detail below.</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Recommendation1 CNBV enhanced its risk based supervision to be more</p> | <p>Planned actions (if any) and expected commencement date:</p> <p>CEFER (actions planned for 2017) • Develop CEFER matrix for other sectors. • Automation in the IT platform of CEFER matrix for other financial institutions (besides banking). • In the second half of 2017, the CEFER matrix for banking is being reviewed in order to: include other relevant indicators mainly for liquidity; include more recent information to determine risk levels more accurately; analyze the lengths of assessment periods. • Further discussion on CEFER results (panels). • Improved supervisory strategy and communication with entities regarding their vulnerabilities, based on CEFER results. Institutional Report (actions planned for 2017) • Conclude the definition of sources of information for credit institutions to be incorporated into the report (February 2017). • Develop guidelines which include: calculation methodologies for financial indicators, guidelines for percentile and peer group analysis, content. • Automation of institutional report (in testing stage, to be launched in July 2017). • Improved institutional supervisory strategy. • Forward, expand the catalog of graphical visualization and query of indicators in PTS. Processes (actions planned for 2017) • Develop new procedures for banking institutions under RBS approach. • For banking institutions, a quality review will be carried out to ensure that the procedures have at least minimum SBR characteristics, which were defined in a new quality methodology. • Improve previous redesigned procedures based on their on-</p> |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|----|-------------|-------------------------|---------|---|--|
| | | | | <p>effective, through the project: “Mexico: Strengthening Banking Risk Based Supervision (RBS), which was carried out jointly with the World Bank. It started in April 2014 and concluded in September 2015. CNBV’s risk-based bank supervision was strengthened by setting a proper governance structure, a mix of on-site and off-site supervision methodologies, tools, processes, and a set of monitoring indicators that enable supervisors to effectively monitor the banking system and promoting its stability. Accordingly, CNBV also improved consistency among CNBV’s supervisory strategy and priorities, as well as risk appetites and supervisory effectiveness’ assessment. At 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. In 2016, the following tools were developed: a) Technological Platform of Supervision, (PTS, for its Acronym in Spanish), which is the current management and consultation system related to the on-site and off-site supervision, as well as the process for banking license issuance and b) Scenario Based Strategic Planning Tool, which is a capital adequacy assessment exercise that verifies that banking institutions have strong business strategies to maintain the minimum regulatory capital in the case of an adverse scenario. By combining these tools supervisors are in a better position</p> | <p>site application. • Quality reviews for overall procedures based on a standard methodology. In 2015, it was agreed to review the normative basis of the procedures, to date has been covered around 30%. The schedule of all the revisions and normative updating will be defined in due course. FinTech (actions planned for 2017) • The FinTech Law is expected to be submitted to the Congress for discussion during the second half of 2017, after a review of the comments and suggestions of the Mexican FinTech industry and other relevant participants in the financial sector take place, inasmuch as the draft version of the Law was shared with them in March 2017.</p> <p>Web-links to relevant documents:</p> |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|----|-------------|-------------------------|---------|---|------------|
| | | | | <p>to understand the risk profile of banks with a forward looking view, and hence they are better informed for setting supervisory priorities and strategies. CNBV's system-wide supervisory strategy and priorities are defined at institutional level. The Strategy is reflected at CNBV's Strategic Plan for 2014- 2018, and priorities are set at the Annual Visits Program, (PAV, for its Acronym in Spanish), which includes general and specialized supervision. The PAV formulation takes into consideration, among others, the following elements: risk rating assessment; systemic importance; size of financial institutions; specific risk concerns; and follow-up of corrective actions. The PAV is presented to CNBV's Board, annually, prior to its implementation. Recommendation 2. To ensure proper communication with banks about any relevant vulnerability identified, CNBV informs the financial entity's Board and its senior management directors about the relevant. issue through a specific appendix of the findings' official communication ("Anexo 2 del oficio de observaciones"). 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 visit, CNBV supervisory team meets with the senior management to communicate the results of the inspection, findings and recommendations, as well as any relevant supervisory concern. Supervisors can also meet Board members to express their concerns on certain relevant transactions that can potentially impact the risk profile of the financial institution or its financial</p> | |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|----|-------------|-------------------------|---------|---|------------|
| | | | | <p>condition. In addition, during 2016 the CNBV redesigned its on-site supervision processes under a risk-based approach. Recommendation 3 CNBV has a specific unit to review operational and technical risks in financial entities, including the Supervision Integral Handbook (MIS, for its Acronym in Spanish) and the information integration processes that result in regulatory reports. During inspection visits supervisors assess the integrity, confidentiality and availability of information, aiming to identify or prevent deficiencies resulting from lack of automation, weak systems integration, and lack of controls to assure data integrity along the processes. Hence, corrective actions are instructed, aiming to foster automation over these processes, establish data integrity controls and ensure continuity of the processes. Recommendation 4</p> <p>Information received from financial entities: Article 208 of the CUB provides the obligation for banks to submit information set forth in Appendix 36, with the periodicity according to the type of information, i.e. monthly, quarterly, bi-annually, and or annually:</p> <ul style="list-style-type: none"> •Accounting information (financial statements) must be submitted by the 20th of each month. •Housing loans information must be submitted within the first 12 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 12th day or the 20th day of the next month. •Foreclosed assets and taxes, at the end of the following | |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|----|-------------|-------------------------|---------|--|------------|
| | | | | <p>month. In order to assure the quality of the information received from banking institutions, the CNBV executes periodic validations. Information required from financial institutions is received through the Inter-institutional system for information transfer (SITI for is Acronym in Spanish); this system has different validation phases. The following reports/analyses are produced based on information received from financial entities:</p> <ul style="list-style-type: none"> •Risk rating matrix.: Since Nov. 2015 CNBV introduced an improved risk assessment process for entities, which includes the following elements: inherent risk, risk mitigants, and supplemental elements. Inherent risks are obtained from information reported by institutions, and mitigants are assessed from on-site supervision and the follow-up of corrective actions. •Institutional report: Provides a detailed view of banks' financial condition i.e financial indicators and comparative information; supervisory strategy and main concerns; risk rating; analysis of relevant topics. •Dashboard: Analysis tool designed to track and examine key performance indicators (KPI's) for supervisory purposes. It facilitates the comparison of financial institutions against their peers and the financial sector, as a whole. •Tarjeta Oportuna: Monthly bulletin with updated financial information on 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 | |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|----|-------------|-------------------------|---------|---|------------|
| | | | | <p>(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 negotiating cross-border cooperation agreements (CoAg) with its relevant foreign counterparts on how they will work together with a view to facilitate institution specific crisis management planning and cooperation. Recommendation 7 CNBV carried out its 2016 Annual Training Program which comprised 11 general programs and more than 1,988 specific activities. During 2016, 1,431 CNBV's officers were trained, accounting for the 96% of current staff, and obtaining high level scores (an average of 95 points on a zero to 100 scale).</p> <p>Highlight main developments since last year's survey:</p> <p>As of August 1, 2016, the PTS started to be used., this is a platform for management and information consultation related to the Integral Supervision Project (PIS, for its Acronym in Spanish). PTS is integrated by the following modules: i) Register of supervised entities (PES); ii) PAV; iii) Execution of visits; iv) Findings and recommendations; v) Corrective measures; vi) Kardex; vii) Institutional report, and viii) CEFER. The aim of the PTS is to foster efficiency at on-site and extra-situ supervision processes, as well as to reflect analyses, controls and decision-making tools on entities supervised by CNBV. Progress achieved, during 2016, on CEFER, Institutional Report and Procedures: 1) CEFER - Implementation ongoing of the</p> | |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|----|-------------|-------------------------|---------|--|------------|
| | | | | <p>CEFER methodology for credit institutions, designed in 2014-2015, allowing the standardization of sources and calculation methods. - For the institutions as a whole, a quarterly update of their risk profiles was carried out and semi-annual panels were carried out for the cross-sectional analysis of the risk ratings. - The process of calculating the CEFER matrix was automated at PTS. - In the definition of 2017 PAV, the CEFER matrix was used as the basis. 2) Institutional Report (IR) - The IR update for all credit institutions was performed for the four quarters of 2016. - Considering that the analysis integrates relevant financial and operational indicators, including comparative approach at peer group and system level (and trend in the entity itself), it is considered fundamental to take the analysis contained in the reports for the approach and follow-up of the strategy supervision. 3) Procedures - For credit institutions, the procedures were redesigned in 2015 under the SBR approach (37 issues, 254 procedures and 2,529 tasks) were loaded into the PTS. - Around 48% of the issues developed by banking institutions (and 32% of the procedures) corresponded to the SBR approach. - In the case of specialized areas, procedures related to AML/FT, investment services, users of credit information companies and operational and technological risk, were also redesigned with SBR approach and released in 2016. Fintech Mexican authorities (Ministry of Finance, Banxico and CNBV) are working on a new Law that will bring into the scope of legislation the FinTech platforms currently operating in Mexico, such as</p> | |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|----|-------------|-------------------------|---------|--|------------|
| | | | | <p>crowdfunding, e-money and virtual assets platforms. The platforms will be authorised by CNBV (with the previous consent of new so-called Financial Technology Committee), which will also have supervision powers on them. The new FinTech Law is considering a regulatory sandbox for those innovation firms that want to test financial products not currently offered by regulated entities. These firms would get special exemptions from laws and regulations in order to test their products in a limited period of time, and will be under the supervision of the financial authorities. The law will include special powers to CNBV for issuing regulation in areas such as risk management, minimum capital, investment limits, investment regime, security and access to information Application Program Interface (APIs), outsourcing, AML/TF, transparency and disclosure of information, internal controls, among others.</p> <p>Web-links to relevant documents:</p> | |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| 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 | <p>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 and private pools of capital to limit the build up of systemic risk. (London)</p> <p>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)</p> | <p>Please describe major changes in the institutional arrangements for macroprudential policy (structures, mandates, powers, reporting etc.) that have taken place in your jurisdiction since the global financial crisis.</p> <p>Please indicate whether an assessment has been conducted with respect to the adequacy of powers to collect and share relevant information among national 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.</p> | <p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment <i>If “Not applicable“ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing: <i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input checked="" type="checkbox"/> Implementation completed as of: 10.01.2014</p> <p>Issue is being addressed through:</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>There is no specific macroprudential authority in Mexico but rather an interagency body for financial stability/macroprudential matters: The Financial System Stability Council (CESF, for its acronym in Spanish). It</p> | <p>Planned actions (if any) and expected commencement date:</p> <p>Legal Entity Identifier work is still underway.Regulation will be issued for the gradual implementation of the obligation to have a LEI, according to the following schedule: • Credit institutions, brokerage houses, investment funds, and regulated non-bank banks, all of them operating derivatives, should obtain its LEI induring 2017. • Domestic and international counterparties of the abovementioned entities for derivatives operations should have a LEI by the first semester of 2018. • Counterparties to the entities listed in the first bullet, other than natural persons, subject to a minimum amount of derivative operations of about 11 million USD, should have a LEI by the second semester of 2018. Authorities will continue to implement the Shadow Banking Monitoring Framework and implement relevant policies deemed necessary to mitigate systemic risks. Mexican financial authorities involved in CESF will consider the recommendations from the IMF FSSA and will determine the applicable enhancements.</p> <p>Web-links to relevant documents:</p> |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|----|-------------|-------------------------|---------|---|------------|
| | | | | <p>was established by Presidential Decree in 2010 and later, in 2014, it was established in Law (in the LRAF) with the objective of identifying and analysing potential risks to financial stability. 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 Banxico. The Chair of the CESF is the SHCP and the Secretariat is held by Banxico. In accordance to their respective mandates, the financial authorities participating in the CESF have powers to request information from their supervised institutions, financial markets and instruments. This information can be shared among authorities, under each authority's mandate and through domestic coordination mechanisms that are in place for this purpose. The 2016 Financial System Stability Assessment, listed the following recommendations regarding the CESF: The CESF role and standing should be further enhanced. Macro-prudential instruments have been applied in the course of time by various authorities based on their respective legal mandates, and there is no clearly assigned authority to prepare and execute macro-prudential policy in the pursuit of overall financial stability. The CESF does not itself have powers to implement measures or take actions; instead, it relies on its members. The CESF should be further developed to become the main forum for communicating stability assessments and assessing the potential stability implications of the introduction</p> | |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|----|-------------|-------------------------|---------|---|------------|
| | | | | <p>or application of policy instruments. Its role can be reinforced by assigning to the CESF the responsibility for formulating the appropriate macroprudential policy response. The CESF's work is supported by a Technical Committee that conducts periodical analyses and research directed at identifying potential systemic risks. In particular, the CNBV assesses the performance of profitability, liquidity and leverage indicators on a monthly basis. Besides, specific analyses are carried out 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. CNBV and Banxico carry out periodic stress testing and risk analyses using several indicators, 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. Every financial law clearly states the procedures for coordination and sharing of information that shall take place for supervisory and/or enforcement purposes. However, each member authority is responsible for deploying macro prudential tools in accordance to their respective mandates and within their powers. In terms of the shadow banking sector, the 2014 Financial Reform enhanced authorities' powers to collect information from individual financial institutions and from the non-regulated sector (Sofomes ENR), belonging to the shadow banking sector, as understood by the FSB framework.</p> | |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|----|-------------|-------------------------|---------|--|------------|
| | | | | <p>Regarding this type of entities, first, the reform required entities to update their registry with Condusef in order to maintain their financial legal status and therefore the corresponding fiscal benefits; second, entities must keep its legal information in the mentioned registry always updated; third, it set forth the criteria 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 least one Credit Information Bureau for the sake of enhancing creditor risk analysis and financial users' conduct, improve transparency and reduce information asymmetries; fifth, it improved the financial authorities' regulatory powers to require information from non-regulated Sofomes in case it is deemed necessary (Condusef can also require information for statistical purposes). With respect to the monitoring of shadow banking activities, 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 Thematic Peer Reviews. 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. In addition, given the low interest rates in advanced economies and the search for</p> | |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|----|-------------|-------------------------|---------|---|------------|
| | | | | <p>yield by investors, some non-financial corporates increased significantly their leverage by issuing debt in international markets taking advantage of the relatively lower borrowing costs. This situation led authorities to enhance surveillance of the sectors' risks and vulnerabilities. The main financial vulnerabilities analysed on a quarterly basis for the sector were FX risk as the issuance was mainly done in USD, refinancing risk, and debt service capacity. This surveillance has been possible due to authorities' coordination on the analysis and on follow-up meetings with firms deemed vulnerable. The focus has been in taking stock of firms' remedial actions in order to address specific vulnerabilities. The analysis and results are informed to the CESF in a quarterly manner. Banco de Mexico is also actively monitoring the performance of fixed income investment funds, including the composition of their portfolios, their price movements, the volume of redemptions, etc.</p> <p>Highlight main developments since last year's survey:</p> <p>Since April 2016, the identification of DSIBs and capital surcharges based on the Basel Standards were implemented. Mexican financial authorities issued, in April 2016, the provisions to implement the countercyclical capital buffer with a transitional 4-year period to build up the countercyclical capital buffer starting in 2016, and published the final regulation on disclosure of the leverage ratio in June 2016. In 2016, the CONSAR required AFOREs (pension funds managers) to present their benchmarks for each one of their managed funds in</p> | |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|----|-------------|-------------------------|---------|---|------------|
| | | | | <p>order to evaluate the performance of their actual portfolios versus the long term strategies defined for each fund — SB1 (conservative fund for affiliates near to retirement), SB2, SB3 and SB4 (most aggressive fund for young affiliates). The benchmark strategy of each fund should consider, among others: the affiliates demographics, asset classes allowed to invest in, risk measures and rebalance policies. Also, as a follow-up risk measure, the tracking error should be followed closely by the AFORE, and they are not allowed to exceed some defined limits. . Hence, the CONSAR expects the AFORE could use the benchmarks as a guideline in order to avoid unplanned decisions, with the utmost emphasis during critical moments; for example, when markets experience high volatility, the AFORE could be caught in a wave of fire sales. However, if benchmarks are used effectively, as an asset management mechanism, by the AFORE, this procyclical behavior could be prevented. Also, the CONSAR participated in discussions with other financial institutions regarding the use of the Credit Support Annex (CSA) for transactions with derivatives carried out by the AFORES, giving as final outcome the authorization of the CSA, which will help to reduce liquidity risk since the AFORE could use bonds, which they already hold them, as collateral. In the same sense, the CONSAR set forth regulation in order for the AFORES to monitor their own liquidity risk, closely watching prudential limits.; for example, leverage limits if the AFORE uses derivatives. Concerning the credit risk, the CONSAR requires the AFORE to</p> | |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|----|-------------|-------------------------|---------|--|------------|
| | | | | <p>develop and to implement internal credit risk models in order to rate securities and counterparties. Some other regulatory amendments were executed to prevent fire sales by the AFORE, for example, through the authorization of transferring securities among the funds managed by an AFORE when, according to the workers' age, they need to be reallocated to a different fund. Different analyses are carried out on systemic risks that could impact the Mexican pension sector funds financial markets.</p> <p>Web-links to relevant documents:</p> <p>Mexican Financial System Stability Council (CESF, for its acronym in Spanish) http://www.cesf.gob.mx/es/CESF/home Mexico: Financial System Stability Assessment https://www.imf.org/external/pubs/cat/longres.aspx?sk=44422.0</p> | |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|------------|--|---|---|--|---|
| 12 (12) | Enhancing system-wide monitoring and the use of macro-prudential instruments | <p>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)</p> <p>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)</p> <p>Authorities should monitor substantial changes in asset prices and their implications for the macro economy and the financial system. (Washington)</p> | <p>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.</p> <p>Please indicate the use of tools for macroprudential purposes over the past year, including: the objective for their use; the process to select, calibrate and apply them; and the approaches used to assess their effectiveness.</p> <p>See, for reference, the following documents:</p> <ul style="list-style-type: none"> • FSB-IMF-BIS progress report to the G20 on Macroprudential policy tools and frameworks (Oct 2011) • CGFS report on Operationalising the selection and application of macroprudential instruments (Dec 2012) • 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) • IMF-FSB-BIS paper on Elements of Effective Macroprudential | <p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “Not applicable“ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input checked="" type="checkbox"/> Implementation completed as of: 07.04.2016</p> <p>Issue is being addressed through:</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>The Mexican Financial System Stability Council (CESF, for its acronym in Spanish) comprises the main financial authorities in Mexico and is supported by external working groups. It was developed to conduct periodical analyses so as to identify potential systemic risks.</p> | <p>Planned actions (if any) and expected commencement date:</p> <p>Enhancements to the systemic risk model of the CNBV are expected to be finalized in the first semester of 2017. Regarding pension funds, final rules on disclosure of the leverage ratio are expected to be issued in the near future.</p> <p>Web-links to relevant documents:</p> |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|----|-------------|-------------------------|---|--|------------|
| | | | <p><i>Policies: Lessons from International Experience (Aug 2016)</i></p> <ul style="list-style-type: none"> • CGFS report on <i>Experiences with the ex ante appraisal of macroprudential instruments (Jul 2016)</i> • CGFS report on <i>Objective-setting and communication of macroprudential policies (Nov 2016)</i> | <p>The CESF has analysed the use of macro prudential tools available in other jurisdictions. The macro prudential tools currently available in Mexico are the following: - Loan-to-Value Ratio for constraining highly levered mortgage down payments by encouraging a limit by determining regulatory risk weights. This tool is considered in the capital and reserve provisioning rules for mortgage loans. - Debt-to-Income Ratio, for constraining household indebtedness by or encouraging an implicit limit through the reserve provisioning rules methodologies for consumer loans. - Expected Loan-Loss Provisioning for all credit portfolios (commercial, mortgages and consumer) based on supervisory formulas. - Countercyclical Capital Buffer in order to require banks to hold more capital during upturns. This framework is in place since April 2016. The capital charge for Mexican exposures was set as zero. The reciprocity principle is applied for foreign exposures. - Capital Surcharges on DSIBs which requires Systemically Important Banks to hold a higher capital level than other financial institution. This framework for identifying DSIBS and their respective capital charge is in place since April 2016, according to the Basel framework. - Limits on Interbank Exposures, through a limit of 100% of T1 capital for banks financing another bank - Concentration Limits based on the T1 capital for each counterparty or group of counterparties that represent a common risk. - Limits on Foreign Currency Loans to reduces vulnerability to foreign-currency risks. Currently this limit is based on the banks' mismatch in foreign currency position and is limited</p> | |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|----|-------------|-------------------------|---------|---|------------|
| | | | | <p>to 15% of T1 capital. - Systemic Risk metrics, that assess the vulnerabilities of the credit and market portfolios under adverse economic scenarios, and the interconnectedness of the banking institutions. Alongside, the CNBV assesses the performance of profitability, liquidity and leverage indicators on a monthly basis. As part of its mandate as a supervisory body, it analyses the performance of credit portfolios (credit cards, payroll, personal loans, commercial, etc.) based on the behaviour of the system's portfolio to identify potential problems commencing since credit origination and systemic impairment. The CNBV also performs, at least annually, supervisory and internal stress tests to assess the resilience of banks and brokerage houses to adverse scenarios. In addition, Banxico, assesses the vulnerability of the financial system that arises from potential adverse scenarios, an activity that considers periodic risk analysis and stress testing through the review of several periodical indicators. As Banxico foresee the likelihood of potential threats to the stability, it informs the CESF to determine its magnitude. Furthermore, in order to foster banks' resilience to major financial disruptions, specific regulatory improvements are 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 been already introduced in banking regulation. These rules were implemented since April 2016 according with the Basel standard. The</p> | |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|----|-------------|-------------------------|---------|--|------------|
| | | | | <p>transitional arrangement for the countercyclical capital buffer follow a four-year gradual period to be implemented as set forth by the Basel standard. Regarding the pension funds sector, CONSAR implemented a platform for monitoring financial stability in the sector. This implies carrying out stress tests both at individual and systemic levels. Every two weeks, assessments are performed, and results are discussed at CONSAR committees. Besides the use of historic volatility scenarios, other “what if” scenarios are used in order to reflect the macroeconomic variables evolution such as exchange rates, interest rates, inflation. It is worth mentioning that the CONSAR, as a member of the CESF, presents the aforementioned information to the Council as part of the topics regarding financial stability. Additionally, under CONSAR regulatory framework, AFOREs are obliged to monitor their portfolios under different stress scenarios modifying macroeconomic variables such as exchange rates, interest rates, inflation, among others. It is required for the AFORE to report those results to the CONSAR and also other financial risk measures such as Value at Risk (VaR), Conditional VaR (CVaR) and the CVaR differential (Conditional VaR of the portfolio minus Conditional VaR of the portfolio without derivatives). The AFORE could also include additional risk measures to those established in the regulation</p> | |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|----|-------------|-------------------------|---------|---|------------|
| | | | | <p>Highlight main developments since last year’s survey:</p> <p>As a result of CNBV’s 2015 technical assessment on its systemic risk model, CNBV work on the weaknesses that were identified, and strengthened the model that was already in place. The systemic risk model is built 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 scenarios, the model generates profit and loss distributions for each bank portfolio and estimates its probability of distress among other risk metrics. Besides, tThe CESF analyses developments in the financial system to identify potential threats arising in particular sectors. In particular, the CESF reviews stress tests conducted by the CNBV and closely monitors the status quo of the banking system due to its relevance in the Mexican Financial System (about 50% of the assets in the system). The CESF also examines 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 CESF March annual report..) Furthermore, Banxico conducts stress tests for the banking system and undertakes network analyses to determine the risks of contagion. This Report also evaluates the situation of the banking system and any</p> | |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|----|-------------|-------------------------|---------|--|------------|
| | | | | <p>other sectors that may exhibit patterns or behaviours which may be a cause of concern. Banxico also publishes an annual report with a detailed assessment of the financial system, threats to financial stability, a balance of risks and potential measures to mitigate them. In its noteworthy that regulation has been drafted every time threats or vulnerabilities have been identified. Discussions at the CESF about what tools are to be used and how would take place on a case by case basis. Macro prudential measures implemented during the last years, in Mexico, include: limits on lending to related parties, which were increased as a response to the rising volume 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 of contagion; and a DSIB capital buffer based on the Basel Standards which has been implemented since April 2016. In addition, in April 2016, Mexican authorities issued the provisions to implement the countercyclical capital buffer with a transitional period of 4-year period. Regulation on leverage ratio disclosure was also issued. The implementation of certain specific elements of the macroprudential toolkit such as the leverage ratio is still under development; in particular, with respect to the secondary regulation about them.</p> <p>Web-links to relevant documents:</p> <p>Mexican Financial System Stability Council (CESF, for its acronym in Spanish) http://www.cesf.gob.mx/es/CESF/home</p> | |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|----|-------------|-------------------------|---------|---|------------|
| | | | | Report on the Mexican financial system (2016) (Note: 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/%7B14D26AD1-8933-0713-B7D6-59CBBC13ECEA%7D.pdf | |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| 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 | <p>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)</p> <p>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.</p> <p>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.</p> <p>The oversight framework should be consistent across jurisdictions with appropriate sharing of information between national authorities, including through IOSCO. (London)</p> <p>Regulators should work together towards appropriate, globally compatible solutions (to conflicting compliance</p> | <p>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:</p> <ul style="list-style-type: none"> • Code of Conduct Fundamentals for Credit Rating Agencies (Mar 2015) (including on governance, training and risk management) <p>Jurisdictions may also refer to the following IOSCO documents:</p> <ul style="list-style-type: none"> • 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) <p>Jurisdictions should take into account the outcomes of any recent FSAP/ROSC assessment against those principles.</p> | <p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If "Not applicable" or "Applicable but no action envisaged ..." has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input checked="" type="checkbox"/> Implementation completed as of: 09.07.2014</p> <p>Issue is being addressed through:</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>In accordance to IOSCO's recommendations, on February 17, 2012, the CNBV amended the Code of Conduct and several rules to strengthen market discipline. Such rules improved</p> | <p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Planned actions (if any) and expected commencement date:</p> <ul style="list-style-type: none"> • A draft is being developed to implement the Code of Conduct Fundamentals for CRAs, published by IOSCO on March, 2015 <p>Web-links to relevant documents:</p> |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|----|-------------|---|---------|--|------------|
| | | <p>obligations for CRAs) as early as possible in 2010. (FSB 2009)</p> <p>We encourage further steps to enhance transparency and competition among credit rating agencies. (St Petersburg)</p> | | <p>transparency within 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. Regarding CNBV's participation at CRAs Colleges, set up by the US SEC and the European Securities Markets Authority, the Commission signed on June 2015 three confidentiality arrangements for the exchange of information during their functioning.</p> <p>Highlight main developments since last year's survey:</p> <p>No change in implementation since last year.</p> <p>Web-links to relevant documents:</p> <p>Securities Markets Law (LMV, for its acronym in Spanish). http://www.cnbv.gob.mx/Normatividad/Ley%20del%20Mercado%20de%20Valores.pdf Provisions for Credit Rating Agencies http://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20car%C3%A1cter%20general%20aplicables%20a%20las%20instituciones%20calificadoras.pdf</p> | |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|------------|----------------------------------|--|--|--|--|
| 14 (14) | Reducing the reliance on ratings | <p>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)</p> <p>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)</p> <p>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)</p> <p>We call for accelerated progress by national authorities and standard setting bodies in ending the mechanistic reliance on credit ratings and encourage steps that would enhance transparency of and</p> | <p>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.</p> <p>Jurisdictions may refer to the following documents:</p> <ul style="list-style-type: none"> • 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 (Jun 2015) • IOSCO Sound Practices at Large Intermediaries Relating to the Assessment of Creditworthiness and | <p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “Not applicable“ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input checked="" type="checkbox"/> Implementation completed as of: 01.12.2016</p> <p>Issue is being addressed through:</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>The CNBV, with the aim to encourage independent judgement of risks and to promote proper due diligence processes, requires, from all financial entities/authorized persons providing investment services, the carrying out of the following activities: •to perform</p> | <p>Planned actions (if any) and expected commencement date:</p> <p>CNBV is considering developing provisions that will allow investment funds to rely on internal resources as a complement to credit rating agencies services. No commencement date envisaged at this moment.</p> <p>Web-links to relevant documents:</p> |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|----|-------------|--|--|--|------------|
| | | <p>competition among credit rating agencies. (Los Cabos)</p> <p>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)</p> | <p><i>the Use of External Credit Ratings (Dec 2015).</i></p> | <p>reasonable recommendations, considering customers' profile, •to develop financial product profiles •to set policies for investment portfolio diversification •to develop policies and guidelines for defining customers and products' profiles subject to recommendation •to have in place sound accountability frameworks •to properly disclose fees •to set 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. Notwithstanding investment funds are required to use credit rating agencies services, the CNBV is empowered to grant exemptions through secondary provisions. Regarding the pension funds sector, CONSAR requires AFOREs to evaluate and follow-up on credit risk, using internal credit models implemented in technological platforms. In this sense, each AFORE must have in place a due infrastructure to develop its own securities rating. This need to be provided in addition to those prepared by credit rating agencies (CRA); consequently, the AFORE is able to set their own asset concentration limits (without exceeding the 5% of net assets, regulatory limit for credit exposure to one issuer or counterparty).</p> | |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|----|-------------|-------------------------|---------|--|------------|
| | | | | <p>Highlight main developments since last year's survey:</p> <p>No change in implementation since last year.</p> <p>Web-links to relevant documents:</p> <p>Rules for investment services providers (DPV for its acronym in Spanish) http://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20car%C3%A1cter%20general%20aplicables%20a%20las%20entidades%20financieras%20y%20dem%C3%A1s%20personas%20que%20proporcionen%20servicios%20de.pdf Investment Funds Law (Ley de Fondos de Inversión). http://www.cnbv.gob.mx/Normatividad/Ley%20de%20Fondos%20de%20Inversi%C3%B3n.pdf</p> | |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| 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) | <p>Jurisdictions should indicate the accounting standards that they follow and whether (and on what basis) they are of a high and internationally acceptable quality (e.g. equivalent to IFRSs as published by the IASB), and provide accurate and relevant information on financial position and performance. They should also explain the system they have for enforcement of consistent application of those standards.</p> <p>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.</p> <p>As part of their response on this recommendation, jurisdictions should indicate the policy measures taken for appropriate application of fair value recognition, measurement and disclosure.</p> <p>In addition, jurisdictions should set out any steps they intend to take (if appropriate) to foster transparent and consistent implementation of the new accounting requirements for the measurement of expected credit losses on financial assets that are being introduced by the IASB and FASB.</p> | <p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment <i>If “Not applicable“ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing: <i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Final rule (for part of the reform) in force since: 01.01.2012</p> <p><input type="checkbox"/> Implementation completed as of:</p> <p>Issue is being addressed through:</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>According to the National Banking and Securities Commission Law, (LCNBV, for its acronym in Spanish), the CNBV is empowered to require entities, and any other person subject to its supervision, all kinds of information and documents</p> | <p>Planned actions (if any) and expected commencement date:</p> <p>The CNBV will continue working with CINIF in the process of convergence with IFRS. Particularly, the Commission is assessing the potential amendments to their accounting standards 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. In terms of fair value recognition, measurement and disclosure, CNBV, CNSF and CONSAR are expecting to issue in the first quarter of 2017 a final project of tripartite rules which will contain fair value requirements. Therefore, CNBV will begin to align the recognition, measurement and disclosure standards for financial instruments and fair value for each financial entity under its supervision once the tripartite rules have been issued.</p> <p>Web-links to relevant documents:</p> |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|----|-------------|-------------------------|---|--|------------|
| | | | <p>See, for reference, the following BCBS documents:</p> <ul style="list-style-type: none"> • <u>Supervisory guidance for assessing banks' financial instrument fair value practices (Apr 2009)</u> • <u>Guidance on credit risk and accounting for expected credit losses (Dec 2015)</u> | <p>concerning the transactions entered into by persons or companies subject to supervision by the Commission itself as well as its shareholders and related persons. Additionally, CUB sets forth in articles 88 and 207 the obligation for banks to disclose information regarding their financial condition, performance and risks, at regular intervals (monthly, quarterly, biannual and annual). Additionally, article 89 establishes the powers of the CNBV to require banks to disclose their risk information (Pillar 3 information). Banks should send to CNBV such periodic information through the SITI. The information submitted must meet established quality standards in order for the system to receive it. Regarding IFRS, since January 1st 2012, listed companies, except for financial institutions and insurance companies, are required to present their financial information according to IFRS. Therefore, financial institutions, supervised by CNBV, are required to observe the Mexican Financial Reporting Standards (MFRS), issued by the National Accounting Standards Setter of Mexico (CINIF), besides 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.</p> <p>Highlight main developments since last year's survey:</p> <p>During 2016, CINIF published 6 standards regarding recognition,</p> | |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|----|-------------|-------------------------|---------|---|------------|
| | | | | <p>measurement and disclosure of financial instruments; these standards are essentially convergent with the criteria stated in IFRS 9. CNBV updated its accounting standards for financial groups, controlling entities of a financial group, and banks, to align them with the classification and measurement standards contained in the MFRS. Regarding the new accounting requirements for expected credit losses approach, contained in IFRS 9 and MFRS C-16, the CNBV is reviewing the core differences between such approach and the supervisory standardized approach set forth by CNBV. In Mexico, banks are subject to expected-losses provisioning rules since 2009. Loans main portfolios (consumer loan, loan secured by residential property and corporate loans) are required to observe standard loan provisioning methodologies based on the expected losses approach. These methodologies result in obtaining the expected loss for the loan portfolio over the next 12 months; this, considering the following risk drivers: Probability of Default (PD), Loss Severity (SP) and Exposure at Default (EI). In 2017, CNBV will be able to decide if will be adopting or not impairment requirements in line with IFRS 9. In terms of fair value accounting requirements aligned with IFRS 13, these are included in the draft for the tripartite regulation for financial groups, which covers the following topics: prudential rules, accounting standards, financial statements approval process, and external auditors. Tripartite rules are being jointly developed by the three regulators: CNBV, CNSF (Insurance and surety institutions) and CONSAR (Fund</p> | |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|----|-------------|-------------------------|---------|--|------------|
| | | | | <p>managers for pension funds). Once the project is concluded, the CNBV will align the fair value requirements for each financial entity under its supervision (during 2017).</p> <p>Web-links to relevant documents:</p> <p>National Banking and Securities Commission Law (Ley de la Comisión Nacional Bancaria y de Valores). http://www.cnbv.gob.mx/Normatividad/Ley%20de%20la%20Comisi%C3%B3n%20Nacional%20Bancaria%20y%20de%20Valores.pdf</p> | |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|---------------------------------------|--|---|--|--|---|
| VII. Enhancing risk management | | | | | |
| 16 (16) | Enhancing guidance to strengthen banks' risk management practices, including on liquidity and foreign currency funding risks | <p>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)</p> <p>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)</p> <p>Regulators and supervisors in emerging markets² will enhance their supervision of banks' operation in foreign currency funding markets. (FSB 2009)</p> | <p>Jurisdictions should indicate the measures taken in the following areas:</p> <ul style="list-style-type: none"> • guidance to strengthen banks' risk management practices, including BCBS good practice documents (Corporate governance principles for banks, External audit of banks, and the Internal audit function in banks); • measures to monitor and ensure banks' implementation of the BCBS Principles for Sound Liquidity Risk Management and Supervision (Sep 2008); • measures to supervise banks' operations in foreign currency funding markets;¹ and • extent to which they undertake stress tests and publish their results. <p>Jurisdictions should not provide any updates on the implementation of Basel III liquidity requirements (and other recent standards such as capital</p> | <p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If "Not applicable" or "Applicable but no action envisaged ..." has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input checked="" type="checkbox"/> Implementation completed as of: 01.01.2015</p> <p>Issue is being addressed through:</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> | <p>Planned actions (if any) and expected commencement date:</p> <p>The CNBV will continue monitoring its Early Warning System in order to timely identify increases in financial institutions' risks.</p> <p>Web-links to relevant documents:</p> |

¹ Only the emerging market jurisdictions that are members of the FSB should respond to this specific recommendation.

² Only the emerging market jurisdictions that are members of the FSB may respond to this recommendation.

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|----|-------------|--|--|---|------------|
| | | <p>We commit to conduct robust, transparent stress tests as needed. (Pittsburgh)</p> | <p>requirements for CCPs), since these are monitored separately by the BCBS.</p> | <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Regulation and supervision of liquidity risk hinges on three core elements: 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; and 3. Regulation introduced by Banxico 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. In 2014, the Mexican financial authorities implemented, through regulation, the Basel Sound Principles for Liquidity Risk Management and Supervision, which are binding for commercial banks as well as for development banks. 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. The LCR applies to all commercial banking institutions. As for the regulation on foreign currency operations (FX), it 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</p> | |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|----|-------------|-------------------------|---------|--|------------|
| | | | | <p>peso experiences drastic adjustments. 2. Liquidity ratio on foreign currency. Banking institutions must hold enough liquid assets to meet 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 currently runs an annual stress test program and publishes its results in the CESF annual report. This stress test covers all commercial banks and brokerage houses. In addition, the CESF coordinates the efforts between Banxico and the prudential regulator on the design of the stress tests.</p> <p>Highlight main developments since last year's survey:</p> <p>During 2016, the CNBV developed and implemented its early warnings system to timely identify important rising on financial institutions' risks. In the same sense, the CUB on article 81 sets forth that the banks have to perform stress tests like one of their tools for comprehensive risk management process. These tests include liquidity assessment which output must be submitted annually, for supervisor revision and approval. According to the CUB, articles 66, 67, 68, 78, and 81, banks' board is responsible for approving a financial institution's risk appetite as well as its policies and processes for taking, identifying, measuring, evaluating, monitoring, reporting and</p> | |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|----|-------------|-------------------------|---------|---|------------|
| | | | | <p>controlling or mitigating liquidity risk. The systems and risk limits are subject to revision and monitoring by the risk management unit (CUB, articles 74 and 75 II), the internal audit unit (article 76), as well as by those who execute compliance functions (article 143). These three control areas report to the audit and risk committees, which, in turn, periodically inform the bank's Board (monthly to annual basis).</p> <p>Web-links to relevant documents:</p> <p>Exchange risk positions Circular-Telefax Banxico 7/2002 M.61. http://www.banxico.org.mx/disposiciones/normativa/circular-2019-95/%7B962A4BC5-285D-6154-4116-BD86C19A7FE7%7D.pdf General Provisions on Liquidity Requirements for Commercial Banks http://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20car%C3%A1cter%20general%20sobre%20los%20requerimientos%20de%20liquidez%20para%20las%20instituciones%20de%20banca%20m%C3%BAltiples.pdf General Provisions Applicable to Credit Institutions (CUB) http://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20car%C3%A1cter%20general%20aplicables%20a%20las%20instituciones%20de%20cr%C3%A9dito.pdf http://www.cnbv.gob.mx/Anexos/Anexo%201%20Requerimientos%20de%20liquidez.pdf</p> | |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|------------|---|---|--|--|--|
| 17 (17) | Enhanced risk disclosures by financial institutions | <p>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)</p> <p>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)</p> | <p>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.</p> <p>In addition, in light of the new IASB and FASB accounting requirements for expected credit loss recognition, jurisdictions should set out any steps they intend to take (if appropriate) to foster disclosures needed to fairly depict a bank's exposure to credit risk, including its expected credit loss estimates, and to provide relevant information on a bank's underwriting practices. Jurisdictions may use as reference the recommendations in the report by the Enhanced Disclosure Task Force on the Impact of Expected Credit Loss Approaches on Bank Risk Disclosures (Nov 2015), as well as the recommendations in Principle 8 of the BCBS Guidance on credit risk and</p> | <p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment <i>If "Not applicable" or "Applicable but no action envisaged ..." has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing: <i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input checked="" type="checkbox"/> Implementation completed as of: 01.01.2015</p> <p>Issue is being addressed through:</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline: According to the National Banking and Securities Commission Law (LCNBV, for its acronym in Spanish), article 5, CNBV is empowered to require entities, and any other person subject to its supervision, all kinds of information and documents concerning the transactions</p> | <p>Planned actions (if any) and expected commencement date: As stated in question 15, CNBV, CNSF and CONSAR are expecting to issue in the first quarter of 2017 a final project of tripartite rules which will contain fair value disclosure requirements in line with IFRS 13. CNBV will begin to align the fair value requirements and disclosure requirements in line with IFRS 9 for each financial entity under its supervision once the tripartite rules have been issued.</p> <p>Web-links to relevant documents:</p> |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|----|-------------|-------------------------|--|--|------------|
| | | | <p><u>accounting for expected credit losses (Dec 2015)</u></p> | <p>entered into by persons or companies subject to supervision by the Commission itself as well as its shareholders and related persons. In addition, CUB, articles 88 and 207, sets forth the obligation for banks to disclose their financial condition, performance and risks, at regular intervals (monthly, quarterly, biannual and annual). Furthermore, article 89 of the CUB states CNBV powers for requiring banks to disclose their risk information (Pillar 3 information). Banks are obliged to submit such periodic information to CNBV through the inter-institutional information transfer system (SITI) of CNBV. The information sent by the banks must meet established quality standards in order for the system to receive it. 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 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</p> | |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|----|-------------|-------------------------|---------|--|------------|
| | | | | <p>submitting their data 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.</p> <p>Highlight main developments since last year's survey:</p> <p>As stated in recommendation 15, CINIF has issued financial reporting standards that converge with financial instruments' new requirements, included disclosures according to IFRS 7. The CNBV has been working for updating accounting standards for financial groups (tripartite rules), and for banks, in order to align them with the disclosures required by IFRS 7 and IFRS 13.</p> <p>Web-links to relevant documents:</p> <p>Provisions for Credit Institutions (CUB, for its acronym in Spanish) http://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20car%C3%A1cter%20general%20aplicables%20a%20las%20instituciones%20de%20cr%C3%A9dito.pdf</p> | |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|--|--|--|---|--|---|
| VIII. Strengthening deposit insurance | | | | | |
| 18 (18) | 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) | <p>Jurisdictions that have not yet adopted an explicit national deposit insurance system should describe their plans to introduce such a system.</p> <p>All other jurisdictions should describe any significant design changes in their national deposit insurance system since the issuance of the revised IADI Core Principles for Effective Deposit Insurance Systems (November 2014).</p> <p>In addition, jurisdictions should indicate if they have carried out a self-assessment of compliance with the revised Core Principles:</p> <ul style="list-style-type: none"> • If so, jurisdictions should highlight the main gaps identified and the steps proposed to address these gaps; • If not, jurisdictions should indicate any plans to undertake a self-assessment exercise. | <p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “Not applicable“ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input checked="" type="checkbox"/> Implementation completed as of: 10.01.2014</p> <p>Issue is being addressed through:</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: Financial Sector Assessment Program (FSAP) detailed assessment on compliance with the IADI Core Principles for Effective Deposit Insurance Systems.</p> | <p>Planned actions (if any) and expected commencement date:</p> <p>The IPAB is in the process of identifying issues that could be included in a proposal for a second-generation legal reform to strengthen the deposit insurance system. •IPAB began to develop a plan for implementation of improvements and innovation derived from the FSAP recommendations. Those that are to be implemented in the short-term are those that are in the field of action of IPAB and do not require legislative amendments, and are already being reviewed within the IPAB for execution. This point includes publishing a comprehensive annual report. At present, IPAB is finishing the report for 2012-2017, and will henceforth publish an annual report. In addition, IPAB has begun to evaluate changes in the process of preparing resolution plans to accelerate the pace. In the past two years IPAB completed 1 plan each year, while in 2017 we plan to complete eight resolution plans as approved by the Governing Board.</p> <p>Web-links to relevant documents:</p> |

| | | | | | |
|--|--|--|--|--|--|
| | | | | <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Furthermore, a judicial settlement scheme was added in order to foresee the intervention of a judge, who in 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, which include the following:</p> <ul style="list-style-type: none"> • 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). • 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 | |
|--|--|--|--|--|--|

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|----|-------------|-------------------------|---------|---|------------|
| | | | | <p>failed bank (as referred to in Art 187 of the LIC).</p> <p>Highlight main developments since last year's survey:</p> <p>According to the findings of the detailed assessment of compliance with the IADI Core Principles, Deposit insurance broadly conforms to best international practice, but there are a number of important concerns that need to be addressed, including governance gaps, multiplicity of mandates (payment and management of legacy debt and assets, deposit insurance and recapitalization of systemic banks), and the small size of the ex-ante resolution fund. i) Main recommendations derived from the IMF Financial System Stability Assessment (FSSA) are the following: i) Transferring of the legacy debt from IPAB to the sovereign balance sheet or other mechanisms to speed-up payments and allow for more rapid growth of the deposit insurance fund; ii) IPAB has not formally adopted a target ratio for its deposit insurance fund although it has completed an analysis of the issue. It is hampered in its ability to reach a reasonable level for its fund by the requirement that it repay the debt from the 1994–95 financial crisis; iii) IPAB's governance structure should be adjusted to provide it with greater operational independence; iv) The amount IPAB must contribute from its deposit insurance fund to the resolution of a systemic bank should be capped and it should be made only after shareholders' interests are reduced to zero; v) Greater analysis is needed in regard to the viability of using all resolution tools available to IPAB. Particularly, given</p> | |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|----|-------------|-------------------------|---------|--|------------|
| | | | | <p>that the Mexican banking sector has relatively few participants, careful consideration needs to be given on how best to assure confidentiality for the marketing of assets if a troubled bank is identified as a candidate for a P&A transaction; vi) IPAB must enhance its pay-out procedures to reimburse depositors and those intended to give access to depositors of any bank to their deposits in 7 days or less.</p> <p>Web-links to relevant documents:</p> <p>Credit Institutions Law (LIC, for its acronym in Spanish) http://www.cnbv.gob.mx/Normatividad/Ley%20de%20Instituciones%20de%20Cr%C3%A9dito.pdf Bank Savings Protection Act (LPAB, for its acronym in Spanish) http://www.diputados.gob.mx/LeyesBiblio/pdf/62.pdf Mexico: Financial System Stability Assessment https://www.imf.org/external/pubs/cat/longres.aspx?sk=44422.0</p> | |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|---|---|---|--|--|--|
| IX. Safeguarding the integrity and efficiency of financial markets | | | | | |
| 19 (19) | 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) | <p>Jurisdictions should indicate whether high frequency trading and dark pools exist in their national markets.</p> <p>Jurisdictions should indicate the progress made in implementing the recommendations:</p> <ul style="list-style-type: none"> • 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). | <p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “Not applicable“ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input checked="" type="checkbox"/> Implementation completed as of: 10.09.2010</p> <p>Issue is being addressed through:</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: The CNBV issued rules for Direct Market Access (CUCB), providing the regulatory framework applicable to regulate direct trading for broker dealers. Moreover, the Mexican securities Exchange amended its trading rules and other procedures in order to establish better</p> | <p>Planned actions (if any) and expected commencement date:</p> <p>To date there are no further actions envisaged.</p> <p>Web-links to relevant documents:</p> |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|----|-------------|-------------------------|---------|--|------------|
| | | | | <p>procedures for dealing with technological changes, trading errors (fat fingers for example), and pre-trade checks.</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>On September 10, 2010, the CNBV's rules for Direct Market Access (CUCB) were issued. These rules provide the operational rules for the electronic access to the market including the following: the authorised 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, the requirements and procedures for approval. They also provided obligations, pre-emptive disciplinary and corrective measures. The Securities Market Law does not allow the existence of dark pools. The only authorised way to trade shares in Mexico is through securities.</p> <p>Highlight main developments since last year's survey:</p> <p>No change in implementation since last year.</p> <p>Web-links to relevant documents:</p> <p>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</p> | |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|------------|---|--|---|---|--|
| 20 (20) | Regulation and supervision of commodity markets | <p>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)</p> <p>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)</p> | <p>Jurisdictions should indicate whether commodity markets of any type exist in their national markets.</p> <p>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).</p> <p>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.</p> | <p><input checked="" type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If "Not applicable" or "Applicable but no action envisaged ..." has been selected, please provide a brief justification:</i></p> <p>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.</p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input type="checkbox"/> Implementation completed as of:</p> <p>Issue is being addressed through:</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> | <p>Planned actions (if any) and expected commencement date:</p> <p>To date there are no further actions envisaged.</p> <p>Web-links to relevant documents:</p> |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|----|-------------|-------------------------|---------|---|------------|
| | | | | <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Highlight main developments since last year's survey:</p> <p>Web-links to relevant documents:</p> | |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|------------|--------------------------------|---|--|------------------|------------|
| 21 (21) | 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 <i>Principles for Financial Benchmarks</i> . | | |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|---|---|--|---|---|--|
| X. Enhancing financial consumer protection | | | | | |
| 22 (22) | 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) | <p>Jurisdictions should describe progress toward implementation of the OECD’s G-20 high-level principles on financial consumer protection (Oct 2011).</p> <p>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.</p> <p>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.</p> | <p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment <i>If “Not applicable“ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing: <i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input checked="" type="checkbox"/> Implementation completed as of: 10.01.2014</p> <p>Issue is being addressed through:</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>The Mexican financial regulation complies with the G20 High Level Principles on Financial Consumer Protection. In March 2014, the CNBV amended the regulation for advisory and</p> | <p>Planned actions (if any) and expected commencement date:</p> <p>The CNBV will work to enhance the cooperation mechanisms with CONDUSEF which has the authority to put forward conciliatory settlements or act as arbitrator; and to promote financial education programs, in order to strengthen its focus on retail investors whenever financial advice on securities is provided. Through these efforts, the CNBV will provide specific disclosure requirements 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.</p> <p>Web-links to relevant documents:</p> |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|----|-------------|-------------------------|---------|---|------------|
| | | | | <p>non-advisory financial services which is applicable to banks and brokerage firms. Mexican regulation on investment services sets new standards for advisory and non-advisory services. It also states particular obligations according to the services that financial entities provide, the customer profile and the type of products that are being offered or recommended. Mainly, this regulation comprises the following aspects:</p> <p>Suitability requirements for personal advice or asset management discretionary accounts. Information disclosure to investors. This rule allows them to have access to all material information about the products and investments subject of the advice in order to assess the characteristics, risks, costs and benefits. Conflicts of interest and incentives. In order to avoid conflicts of interest when investment services are provided, this rule includes: policies to mitigate potential conflicts of interest when the distribution is below those limits; particular disclosures when third parties pay to the entity a distribution fee when providing advice. Organisational structure and internal controls. Entities shall have internal policies and procedures to verify the compliance with all the requirements regarding investment services. They also shall have record keeping obligations and a new independent compliance function was created to verify that every person involved and providing investment services complies with the applicable regulation. In addition, they shall have robust governance arrangements and new responsibilities for the Board of Directors. Finally, with respect to complaints handlings and redress, this</p> | |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|----|-------------|-------------------------|---------|---|------------|
| | | | | <p>regulation requires banks and brokerage firms 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 financial users' complaints monitoring.</p> <p>Highlight main developments since last year's survey:</p> <p>In 2013, the CNBV implemented a risk-based surveillance methodology to ensure compliance with the General Provisions for Broker Dealers (CUCB) and to keep conducting enforcement actions against financial entities and its representatives when they have engaged in inadequate sales practices. Moreover, in January 2014, the LMV was modified in order to consider as part of primary regulation the aforementioned principles (suitability on advisory services, management of conflicts of interest, access to material information of financial products, protection of customers for non-advisory and advisory services, compliance functions and development of internal policies and procedures, incentives, and enforcement). 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. During 2016, investment services surveillance methodology was developed and applied during on-site supervision for investment advisors and fund managers/distributors. On top of that, the powers granted to CONDUSEF include the elimination of</p> | |

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

| No | Description | G20/FSB Recommendations | Remarks | Progress to date | Next steps |
|----|-------------|-------------------------|---------|--|------------|
| | | | | abusive clauses and tied sales in contracts, as well as regulation of collection agencies through financial institutions. Web-links to relevant documents: | |

XI. Source of recommendations

[Hangzhou: G20 Leaders' Communique \(4-5 September 2016\)](#)

[Antalya: G20 Leaders' Communique \(15-16 November 2015\)](#)

[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

AFOREs Administradoras de Fondos para el Retiro - Pension Funds Managers

AGV Analytical Group on Vulnerabilities

AML Anti-Money Laundering APIs Application Program Interface Banxico Banco de México

BCBS Basel Committee on Banking Supervision

CEFER Calificación de Entidades Financieras con Enfoque de Riesgos – Risk Matrix

CESF Consejo de Estabilidad del Sistema Financiero – Mexican Financial System Stability Council

CINIF Consejo Mexicano de Normas de Información Financiera – National Accounting Standards Setter of Mexico

CNBV Comisión Nacional Bancaria y de Valores – National Banking and Securities Commission

CNSF Comisión de Seguros y Fianzas – Commission for Insurance and Sureties

CoAg Cooperation Agreements

CONDUSEF Comisión Nacional para la Protección y Defensa de los Usuarios de Servicios Financieros – National Commission for the Protection and Defense of the Users of Financial Services

CONSAR Comisión Nacional del Sistema de Ahorro para el Retiro – Commission for Pension Funds

CRA Credit Rating Agencies

CSA Credit Support Annex

CUB Disposiciones de Carácter General aplicables a las Instituciones de Crédito – General Provisions for Credit Institutions

CUCB Disposiciones de Carácter General aplicables a las Casas de Bolsa – General Provisions for Broker Dealers

CUE Disposiciones de Carácter General aplicables a Emisoras – General Provisions for Securities Issuers

CUFI Disposiciones de Carácter General aplicables a los Fondos de Inversión – General Provisions for Investment Funds

CVaR Conditional Value at Risk

DPV Disposiciones de Carácter General Aplicables a las Entidades Financieras y Demás Personas que Proporcionen Servicios de Inversión – General Provisions for investment services providers

DSBIs Domestic Systemically Important Banks FinTech Finance Technology

FSAP Financial Sector Assessment Program

FSB Financial Stability Board

FSSA Financial System Stability Assessment

FX Forex

IADI International Association of Deposit Insurers

IFRS International Financial Reporting Standards

IMF International Monetary Fund

IOSCO International Organization of Securities Commissions

IPAB Instituto para la Protección del Ahorro Bancario – Banking Savings Deposit Institute IR Institutional Report

KPI's Key Performance Indicators

LCNBV Ley de la Comisión Nacional Bancaria y de Valores – National Banking and Securities Commission Law

LCR Liquidity Coverage Ratio

LFI Ley de Fondos de Inversión – Investment Funds Law

LIC Ley de Instituciones de crédito – Credit Institutions Law

LMV Ley del Mercado de Valores – Securities Market Law

LPAB Ley de Protección al Ahorro Bancario – Bank Savings' Protection Law

LRAF Ley para Regular las Agrupaciones Financieras – Law to Regulate Financial Groups

MFRS Mexican Financial Reporting Standards

MIS Manual Institucional de Supervisión – Institutional Supervision Handbook

MoU Memorandum of Understanding

OTC Over the counter

P&A Purchase and Assumption

PAV Programa Anual de Visitas - Annual Visits Program

PES Programa de Entidades Supervisadas – Register of supervised entities

PIS Integral Supervision Project

PTS Technological Platform of Supervision

RBS Banking Risk Based Supervision

RBS Risk Based Supervision

RNV Registro Nacional de Valores – National Registry of Securities

SCAV Standing Committee on Assessment of Vulnerabilities

SEC US Securities and Exchange Commission

SHCP Secretaría de Hacienda y Crédito Público - Ministry of Finance

SITI Sistema Interinstitucional de Transferencia de Información – Inter-Institutional System for Information Transfer

SOFOMES Sociedades Financieras de Objeto Múltiple – Multiple Purpose Financial Companies

SRC Standing Committee on Regulatory and Supervisory Cooperation

VaR Value at Risk