

Jurisdiction : Mexico

2013 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

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No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>Based on the recommendations delivered by the 5 workstreams, the MFA will assess the areas of the current regulatory framework that would need to be strengthened.</p> <p>Web-links to relevant documents:</p>	

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II. Hedge funds					
2 (3)	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>Jurisdictions should indicate the progress made in implementing the high level principles contained in IOSCO's Report on Hedge Fund Oversight (Jun 2009) that inter-alia included mandatory registration and on-going regulatory requirements such as disclosure to investors.</p>	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation /Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Trough supervisory access to financial firms and their clients ‘portfolios. The CNBV has implemented a process to monitor the exposure concentration of financial firms, including on foreign exchange transactions and on OTC derivatives.</p> <p>Status of progress :</p> <p>Reform effective (completed) as of :</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>The regulatory framework does not specify the requirements for the management or operation of a hedge fund. While the Securities Markets Law (Article 8) establishes the requirements for vehicles traded through private offerings, their offering is limited to</p>	<p>Planned actions (if any):</p> <p>The CNBV is planning to update the current guidelines to require operators to measure and disclose, for both the market and the investors, their portfolios' level of leverage. Such changes will include a standard methodology to assess their level of leverage .</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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				<p>qualified or institutional investors, and should not exceed in number to 100 shareholders. Furthermore, in case of publicly offered vehicles (above 100 shareholders and accepting non-qualified and non-institutional investors), these must be registered with the CNBV and subject to enhanced disclosure, corporate governance, and other requirements established in the Securities Market Law. In addition to this, MFA have in place a network of bilateral and multilateral MOUs to allow strengthened cooperation and information exchange mechanisms among supervisors. Moreover, banking regulation sets exposure limits on single counterparties or interconnected counterparties based on the bank's capital ratios, and in such respect, supervisors undertake regular monitoring of risks associated to banks' counterparties and assessment of leveraged counterparties.</p> <p>Web-links to relevant documents:</p>	

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3 (4)	Establishment of international information sharing framework	We ask the FSB to develop mechanisms for cooperation and information sharing between relevant authorities in order to ensure effective oversight is maintained when a fund is located in a different jurisdiction from the manager. We will, cooperating through the FSB, develop measures that implement these principles by the end of 2009. (London)	Jurisdictions should indicate the progress made in implementing the high level principles in IOSCO's Report on Hedge Fund Oversight (Jun 2009) on sharing information to facilitate the oversight of globally active fund managers.	<p>Not applicable</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Status of progress :</p> <p>[No response]</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Web-links to relevant documents:</p>	<p>Planned actions (if any):</p> <p>MFA will monitor the development of cooperation and information sharing mechanisms to assess the need to enhance the regulatory framework in case is needed.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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4 (5)	Enhancing counterparty risk management	Supervisors should require that institutions which have hedge funds as their counterparties have effective risk management, including mechanisms to monitor the funds' leverage and set limits for single counterparty exposures. (London)	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. See, for reference, the following BCBS documents :	Implementation ongoing or completed <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> Issue is being addressed through : <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify:	Planned actions (if any): The CNBV is working on the development of the regulatory framework to strengthen Pillar I capital adequacy rules in relation to counterparty credit risks.
(6)		Supervisors will strengthen their existing guidance on the management of exposures to leveraged counterparties. (Rec. II.17,FSF 2008)	<ul style="list-style-type: none"> • Sound Practices for Banks' Interactions with Highly Leveraged Institutions (Jan 1999) • Banks' Interactions with Highly Leveraged Institutions (Jan 1999) • Basel III (June 2011) – relevant references to counterparty credit risk standards 	Status of progress : Draft in preparation, expected publication by : mid 2014 Short description of the content of the legislation/ regulation/guideline: Banking capital regulation is complemented by a comprehensive risk management framework and supported by a risk based assessment which establishes capital requirements in accordance to the counterparty default risk. In addition, banking regulation sets exposure limits on single counterparties or interconnected counterparties based on the bank's capital ratios. Additionally, supervisors conduct regular monitoring of risks associated to banks' counterparties and continuously assess the risks associated to leveraged counterparties. Web-links to relevant documents:	Expected commencement date: Web-links to relevant documents:

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III. Securitisation					
<p>5 (7)</p> <p>(8)</p>	<p>Improving the risk management of securitisation</p>	<p>During 2010, supervisors and regulators will:</p> <ul style="list-style-type: none"> implement IOSCO’s proposals to strengthen practices in securitisation markets. (FSB 2009) <p>The BCBS and authorities should take forward work on improving incentives for risk management of securitisation, including considering due diligence and quantitative retention requirements by 2010. (London)</p> <p>Securitization sponsors or originators should retain a part of the risk of the underlying assets, thus encouraging them to act prudently. (Pittsburgh)</p>	<p>Jurisdictions should indicate the progress made in implementing the recommendations contained in:</p> <ul style="list-style-type: none"> IOSCO’s Report on Global Developments in Securitisation Regulation (Nov 2012) including justification for any exemptions to IOSCO requirements; and BCBS’s Basel 2.5 standards on exposures to securitisations (Jul 2009), http://www.bis.org/publ/bcbs157.pdf and http://www.bis.org/publ/bcbs158.pdf 	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></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 checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>The CNBV issued the rules to enhance the transparency on the issuance of debt securities</p> <p>Status of progress :</p> <p>Reform effective (completed) as of :</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>The CNBV has strengthened the prudential standards for securitization practices based on: i) the development of a regulatory framework for sales practices and asset management which includes, among others, due diligence processes for complex instruments; ii) the strengthening of preventive measures for risk management; and iii) the undertaking of on-site authorization processes for risk management practices. Additionally, in January 1, 2013 the</p>	<p>Planned actions (if any):</p> <p>The CNBV will amend the operational regulation for banking institutions to strengthen securitizations disclosure of the underlying assets and foster an enhanced risk assessment. Special emphasis will be given to re-securitizations. Such regulatory actions will be executed under the existing regulatory and supervisory powers.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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				<p>capitalization rule was amended to incorporate banks' internal assessment of their securitizations exposures, as an operational requirement for the use of an external credit rating. Regulation regarding business conduct practices was issued in November 2012.</p> <p>Web-links to relevant documents: http://www.cnbv.gob.mx/Bursatil/Normatividad/Paginas/Casas-de-Bolsa.aspx</p>	

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6 (9)	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)	<p>Jurisdictions should indicate the policy measures taken for strengthening the regulatory and capital framework for monolines.</p> <p>See, for reference, the following principles issued by IAIS:</p> <ul style="list-style-type: none"> • ICP 13 – Reinsurance and Other Forms of Risk Transfer • ICP 15 – Investments, and • ICP 17 - Capital Adequacy. <p>Jurisdictions may also refer to the IAIS Guidance paper on enterprise risk management for capital adequacy and solvency purposes (Oct 2008).</p>	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Status of progress :</p> <p>Draft in preparation, expected publication by : April 2015</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Monolines in Mexico are subject to specific rules regarding technical provisions, capital requirements, licencing requirements, investment regime, etc. Moreover, in April 2013 a new law was approved, which provides additional guidance to strengthen the supervision of these institutions regarding risk management, corporate governance, capital requirements, technical provisions, investments, etc.</p> <p>Web-links to relevant documents:</p>	<p>Planned actions (if any):</p> <p>No further changes are expected to amend the restrictions for monolines to issue structured credit instruments.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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7 (10)	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 policy measures taken for strengthening best practices for investment in structured product.</p> <p>See, for reference, the principles contained in IOSCO's report on Good Practices in Relation to Investment Managers' Due Diligence When Investing in Structured Finance Instruments (Jul 2009) and Suitability Requirements for Distribution of Complex Financial Products (Jan 2013).</p> <p>Jurisdictions may also refer to the Joint Forum report on Credit Risk Transfer-Developments from 2005-2007 (Jul 2008).</p>	<p>Implementation ongoing or completed</p> <p><i>If " Not applicable " or "Applicable but no action envisaged ..." has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation /Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Status of progress :</p> <p>Reform effective (completed) as of : November 2012</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>On November 2012, the CNBV published the business conduct rules for banks and brokerage firms. The aim of the rules is to enhance transparency and avoid abusive practices in the investment services. Among their obligations, financial intermediaries must provide all material information to their customers to assess the risks involved in the investment. In addition, the rules set prohibitions to avoid conflicts of interests.</p> <p>Web-links to relevant documents:</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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8 (11)	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 taken for enhancing disclosure of securitised products.</p> <p>See, for reference, IOSCO’s Report on Principles for Ongoing Disclosure for Asset-Backed Securities (Nov 2012) that complements IOSCO’s Disclosure Principles for Public Offerings and Listings of Asset-Backed Securities (Apr 2010).</p>	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation /Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Status of progress :</p> <p>Reform effective (completed) as of : April 2013</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>On September 2008, the regulatory framework was amended to include disclosure guidance on securitizations prospectus. Additionally, it was established that annual, quarterly and monthly reports should contain enough information of the securitization underlying assets. In addition, in April 2013, as a result of the amendments made to the "Rules for market participants trading with listed derivative contracts “and “prudential provisions applicable to the trading of derivative listed contracts”, some amendments were made to enhance the framework for the integration and</p>	<p>Planned actions (if any):</p> <p>The CNBV is working on an amendment to the regulation concerning the information provided in the periodic reports. The proposed amendment will require a disclosure of the financial assets included as guarantee to back-up an issuance of mortgage securitizations (performing, non-performing and/or prepayments).</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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				<p>disclosure of information by both the clearing houses and clearing members that would allow for a better analysis, on the operations such entities perform, by the financial authorities and market participants.</p> <p>Web-links to relevant documents:</p>	

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IV. Enhancing supervision					
9 (12)	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 the policy measures taken for implementing consistent, consolidated supervision and regulation of SIFIs.²</p> <p>See, for reference, the following documents:</p> <p>Joint Forum:</p> <ul style="list-style-type: none"> • Principles for the supervision of financial conglomerates (Sep 2012) <p>BCBS:</p> <ul style="list-style-type: none"> • Framework for G-SIBs (Nov 2011) • Framework for D-SIBs (Oct 2012) • BCP 12 (Sep 2012) <p>IAIS:</p> <ul style="list-style-type: none"> • ICP 23 – Group wide supervision <p>FSB:</p> <ul style="list-style-type: none"> • Framework for addressing SIFIs (Nov 2011) 	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Status of progress :</p> <p>Reform effective (completed) as of : July 2010</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>In 2006, the LIC was amended to include a banking resolution regime for institutions which fail to meet the minimum capital requirements, even though their capital is positive. In addition, the LIC also provides for early warnings and corrective actions based on banks’ capitalization indexes. As part of this process, the LIC establishes a Committee of Financial Stability (other than the FSSC) to assess the potential</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

² The scope of the follow-up to this recommendation will be revised once the monitoring framework on policy measures for G-SIFIs, which is one of the designated priority areas under the CFIM, is established.

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				<p>systemic risks arising from the failure of a banking institution and to determine the most effective resolution method. The Committee of Financial Stability will proceed to determine the most effective resolution method based on a cost analysis and to prevent any further disruption in the functioning of the financial system, including jeopardizing the payment systems. Moreover, the CNBV is participating in the supervisory colleges of the most important G-SIBs in Mexico and has reinforced its supervisory oversight practices on banking institutions.</p> <p>Web-links to relevant documents:</p>	

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10 (13)	Establishing supervisory colleges and conducting risk assessments	To establish the remaining supervisory colleges for significant cross-border firms by June 2009. (London)	Reporting in this area should be undertaken solely by home jurisdictions of significant cross-border firms. Relevant jurisdictions should indicate the steps taken and status of establishing remaining supervisory colleges and conducting risk assessments.	Not applicable <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i>	Planned actions (if any):
14		We agreed to conduct rigorous risk assessment on these firms through international supervisory colleges ...(Seoul)	See, for reference, the following documents: BCBS: <ul style="list-style-type: none"> • Good practice principles on supervisory colleges (Oct 2010) • Report and recommendations on cross-border bank resolution (Mar 2010) IOSCO: <ul style="list-style-type: none"> • Principles Regarding Cross-Border Supervisory Cooperation (May 2010) IAIS : <ul style="list-style-type: none"> • ICP 25 and Guidance 25.1.1 – 25.1.6 on establishment of supervisory colleges • Guidance 25.6.20 and 25.8.16 on risk assessments by supervisory colleges 	Issue is being addressed through : <input type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: Status of progress : Reform effective (completed) as of : 2007 Short description of the content of the legislation/ regulation/guideline: Mexico has participated actively in supervisory colleges since 2007. In addition of being part of supervisory colleges, Mexico is members of core colleges for a number of GSIFIs. Web-links to relevant documents:	Expected commencement date: Web-links to relevant documents:

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<p>11 (15)</p> <p>New</p>	<p>Supervisory exchange of information and coordination</p>	<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 October 2006 Basel Core Principle (BCP) 25 (Home-host relationships) or, if more recent, 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 regulatory, supervisory or legislative changes that will contribute to the sharing of supervisory information within core colleges (e.g. bilateral or multilateral MoUs).</p>	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation /Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Bilateral and multilateral MoUs and the establishment of a macro prudential body to assess systemic risks across the financial system</p> <p>Status of progress :</p> <p>Reform effective (completed) as of : Local MOUs since 2000, the FSSC was established in July 2010.</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>MFA have implemented local MOUs for information sharing and coordination at a national level. In July 2000, the SHCP, CNBV, BANXICO, IPAB and CONDUSEF signed a “Guidance for the Coordination between Financial Authorities, regarding financial institutions information requirements”. This Guidance aims to share relevant supervisory information and work</p>	<p>Planned actions (if any):</p> <p>The CNBV and the CNSF will continue strengthening the cooperation arrangements in line with the development of international best practices. In addition, on an on-going basis, there will be assessed the need to sign additional confidentiality agreements with other authorities and standard setting bodies where needed.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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				<p>together, in order to get, maintain, share, and disclose information in a coordinated manner. In February 2006, CNSF became signatory of this Guidance. In addition, MFA may also share information through the FSSC. At the international level, there have been implemented bilateral MOUs with foreign financial authorities and multilateral MOUs with standard setting bodies, included IOSCO and IAIS. The CNBV has legal authority to sign agreements for information exchange with foreign authorities, provided they establish bilateral MOUs. Within the Detailed Assessment of Observance of Basel Core Principles carried out in 2011, the CNBV' observance to BCP Principle 25 was Compliant.</p> <p>Web-links to relevant documents:</p>	

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12 (16)	Strengthening resources and effective supervision	We agreed that supervisors should have strong and unambiguous mandates, sufficient independence to act, appropriate resources, and a full suite of tools and powers to proactively identify and address risks, including regular stress testing and early intervention. (Seoul)	Jurisdictions should provide any feedback received from recent FSAPs/ROSC assessments on the October 2006 BCPs 1 and 23 or, if more recent, the September 2012 BCPs 1, 9 and 11. Jurisdictions should also indicate any steps taken since the last assessment in this area, particularly in response to relevant FSAP/ROSC recommendations.	Implementation ongoing or completed <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i>	Planned actions (if any): Supervisors are required to undergo periodic training to cope with financial innovation.
(17)		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)		Issue is being addressed through : <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: Status of progress : Reform effective (completed) as of : February 2008	Expected commencement date:
New		Supervisory authorities should continually re-assess their resource needs; for example, interacting with and assessing Boards require particular skills, experience and adequate level of seniority. (Rec. 3, FSB 2012)	Jurisdictions should describe the outcomes of the most recent assessment of resource needs (e.g. net increase in supervisors, skills acquired and sought). Please indicate when this assessment was most recently conducted and when the next assessment is expected to be conducted.	Short description of the content of the legislation/ regulation/guideline: On February 2008, the Mexican Congress approved the amendment to the Credit Institutions Law whereby some of the faculties of the Ministry of Finance and Public Credit were transferred to the CNBV. Some of these faculties included the license authorizations for the establishment of new banking institutions, and other corporate acts, such as mergers and spin offs, as well as the powers to revoke banking licenses. In order to monitor the evolution of such risks, the CNBV undertakes regular inspection visits, depending on the materiality of the supervisory issues that	Web-links to relevant documents:

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				<p>may arise. To enhance its supervision CNBV has developed supervisory manuals. These are periodically updated to reflect the evolution of the financial regulatory perimeter. The CNBV has full oversight authority of banking institutions throughout their life cycle, and responsible for authorizing their corporate acts and issuing their operational rules. Furthermore, MFA ensure proper specialization of their personnel to assess innovations in financial markets through permanent training.</p> <p>Web-links to relevant documents:</p>	

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V. Building and implementing macroprudential frameworks and tools					
13 (18)	Establishing regulatory framework for macro-prudential oversight	Amend our regulatory systems to ensure authorities are able to identify and take account of macro-prudential risks across the financial system including in the case of regulated banks, shadow banks ³ and private pools of capital to limit the build up of systemic risk. (London)	Please describe the systems, methodologies and processes that have been put in place to identify macroprudential risks, including the analysis of risk transmission channels.	Implementation ongoing or completed <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i>	Planned actions (if any): The regulation which provides indicators to measure and manage the liquidity of the system entities (LCR and NSFR) is under review.
19		Ensure that national regulators possess the powers for gathering relevant information on all material financial institutions, markets and instruments in order to assess the potential for failure or severe stress to contribute to systemic risk. This will be done in close coordination at international level in order to achieve as much consistency as possible across jurisdictions. (London)	Please indicate whether an assessment has been conducted with respect to the powers to collect and share relevant information among different authorities – where this applies – on financial institutions, markets and instruments to assess the potential for systemic risk. Please indicate whether the assessment has indicated any gaps in the powers to collect information, and whether any follow-up actions have been taken.	Issue is being addressed through : <input type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation /Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: Establishment of a macro prudential body responsible to assess systemic risks building up in the financial system Status of progress : Reform effective (completed) as of : July 2010 Short description of the content of the legislation/ regulation/guideline: The FSSC was established by a presidential decree as a forum for evaluation, analysis, and coordination of authorities on financial system issues. The objective of the FSSC is to identify and analyze risks that could disrupt or disturb substantially the functioning of	Expected commencement date: Web-links to relevant documents: http://www.cesf.gob.mx/docs/acuerdo_por_el_que_se_crea_el_cesf.pdf

³ The recommendation as applicable to shadow banks will be retained until the monitoring framework for shadow banking, which is one of the designated priority areas under the CFIM, is established.

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				<p>the financial system, and recommend policies, including macroprudential policies, to mitigate them if they occur. The policies and recommendations prescribed by the Council should be implemented by the authorities represented at the Council, within the scope of their legal mandates. The FSSC’s macroprudential oversight function is supported by its Technical Committee and two working groups: one group is responsible of developing metrics and designing methodologies to measure systemic risk; the other, to identify and assess risks and vulnerabilities in the financial system. FSSC’s activities are carried out leveraging on the resources available to each of the member authorities. MFA have strengthened their structural organizations to ensure sufficient resources are allocated to support the functions of the FSSC. In accordance to their respective mandates, financial authorities participating in the FSSC have sufficient powers for obtaining the required information from their regulated and/or supervised institutions, financial markets and instruments.</p> <p>Web-links to relevant documents:</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
14 (20)	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>Please describe major changes in the institutional arrangements for macroprudential policy that have taken place in the past two years, including changes in: i) mandates and objectives; ii) powers and instruments; iii) transparency and accountability arrangements; iv) composition and independence of the decision-making body; and v) mechanisms for domestic policy coordination and consistency.</p> <p>Please indicate the use of macroprudential tools in the past two years, including the objective for their use and the process used to select, calibrate, and apply them.</p> <p>See, for reference, the CGFS document on Operationalising the selection and application of macroprudential instruments (Dec 2012).</p>	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation /Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Status of progress :</p> <p>Reform effective (completed) as of : July 2010</p> <p>Short description of the content of the legislation/ regulation/guideline:</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>
(21)		<p>Authorities should monitor substantial changes in asset prices and their implications for the macro economy and the financial system. (Washington)</p>	<p>Jurisdictions can also refer to the FSB-IMF-BIS progress report to the G20 on Macroprudential policy tools and frameworks (Oct 2011), and the IMF paper on Macroprudential policy, an organizing framework (Mar 2011).</p>	<p>The FSSC is comprised by the financial authorities and supported by working groups developed to conduct periodical analysis and research and to identify potential systemic risks. The FSSC has analyzed the use of macroprudential tools at the international level. It has also identified a number of instruments currently in use in Mexico for microprudential objectives that could be easily used for macroprudential purposes. The macroprudential measures implemented during the last two years include: Limits on maturity mismatch in foreign currency; limits on interbank</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>exposures; limits on lending to related parties and rules for sale and transfer of operations between related parties (e.g. transfer or sale of credit portfolios); and, international reserve accumulation policies. Within the FSSC, a working group was established for developing metrics and designing indicators to measure systemic risk (including a simple, non-risk based leverage measure). Such works include the assessment of micro and macro prudential indicators to identify and to assess risks building up in the financial system. The CNBV assesses on a monthly basis the performance of profitability, liquidity and leverage indicators, specifically it assess as well as on the quality of the credit portfolio. Moreover, specific analyses are performed on the credit portfolio (credit cards, payroll, personal loans, commercial, etc.) based on the behaviour of the system's portfolio in order to identify any problem in the origination and execution systems as well as any potential systemic impairment. Furthermore, in order to foster banks' resilience to major financial disruptions, specific regulatory improvements were recently implemented. They provide measures to enhance and preserve capital</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>in the lower cycle or in case of a financial crisis, including a capital buffer.</p> <p>Web-links to relevant documents:</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
15 (22)	Improved cooperation between supervisors and central banks	Supervisors and central banks should improve cooperation and the exchange of information including in the assessment of financial stability risks. The exchange of information should be rapid during periods of market strain. (Rec. V.8 , FSF 2008)	<p>Jurisdictions can make reference to the following BCBS documents:</p> <ul style="list-style-type: none"> • Report and recommendations of the Cross-border Bank Resolution Group (Mar 2010) • Good Practice Principles on Supervisory Colleges (Oct 2010) (Principles 2, 3 and 4 in particular) 	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation /Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>CMGs and supervisory colleges</p> <p>Status of progress :</p> <p>Reform effective (completed) as of : 2011 (for CMG) and 2007 (for supervisory colleges)</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>The FSSC has within its objectives the strengthening of domestic information sharing mechanisms to identify ex-ante the vulnerabilities affecting financial stability and to ensure that during stress periods the required information flows expeditiously. The CNSF and the IAIS signed an information exchange agreement (Multilateral Memorandum of Understanding, MMoU) for information exchange purposes. Additionally, the CNSF has signed MoUs with supervisory agencies from those jurisdictions in</p>	<p>Planned actions (if any):</p> <p>MFA are taking steps to enhance the cross-border information exchange mechanisms. The CNBV will continue strengthening the cooperation arrangements in line with the development of international best practices.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>which the holding companies of insurance subsidiaries operating in Mexico are domiciled. The CNBV participates in supervisory colleges of five G-SIFIs whose subsidiaries are operating in Mexico. The Central Bank, the CNBV and the IPAB participate in the CMGs of two G-SIFIs. (i.e. no access to the recovery plan package). Finally, the CMG for a recently designated G-SIFI has just been established and the above mentioned authorities have been invited to participate as a full CMG member. In addition, MFA maintain close and continuous bilateral relations with their counterparts in home countries of important banks operating in Mexico. In particular, the CNBV has in place a comprehensive network of bilateral and multilateral MOUs supporting the sharing of confidential information for supervisory purposes with the home supervisors of those jurisdictions in which the Mexican Financial System has business relationships. This includes the home supervisors of G-SIBs with operations in Mexico.</p> <p>Web-links to relevant documents:</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VI. Improving oversight of credit rating agencies (CRAs)					
16 (23)	Enhancing regulation and supervision of CRAs	All CRAs whose ratings are used for regulatory purposes should be subject to a regulatory oversight regime that includes registration. The regulatory oversight regime should be established by end 2009 and should be consistent with the IOSCO Code of Conduct Fundamentals. (London)	Jurisdictions should indicate the policy measures undertaken for enhancing regulation and supervision of CRAs. They should also indicate its consistency with the following IOSCO document:	Implementation ongoing or completed <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i>	Planned actions (if any): Financial authorities monitor on a continuous basis the international regulatory developments in order to maintain the best regulatory approach for CRAs. The CNBV has worked on a proposal to amend the Securities Market Law to strengthen the powers for sanctioning CRAs from inadequate or wrongful practices and is currently working in the new regulatory framework to improve the quality and integrity of the credit rating process to avoid conflicts of interest, aiming to avoid regulatory asymmetries with other regulations.
(24)		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.	They should also indicate its consistency with the following IOSCO document: <ul style="list-style-type: none">• Code of Conduct Fundamentals for Credit Rating Agencies (May 2008)	Issue is being addressed through : <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify:	
		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.	Jurisdictions may also refer to the following IOSCO documents: <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;	Status of progress : Reform effective (completed) as of : February 2012	
		The oversight framework should be consistent across jurisdictions with appropriate sharing of information between national authorities, including through IOSCO. (London)	<ul style="list-style-type: none">• Statement of Principles Regarding the Activities of Credit Rating Agencies (Sep 2003); and	Short description of the content of the legislation/ regulation/guideline: All CRAs whose ratings are used for regulatory purposes are subject to a regulatory oversight regime that includes, amongst others, their registration. CRAs are required to be authorized since 1999. In such year, the CNBV enhanced the requirements for authorization, including contingency plans and evidence of financial viability for the following two years; the firm's legal incorporation information and correspondingly, information from the shareholders, board's members and senior officers; a business plan, including operational manuals (including the description of the	Expected commencement date:
(25)		Regulators should work together towards appropriate, globally compatible solutions (to conflicting compliance obligations for CRAs) as early as possible in 2010. (FSB 2009)	<ul style="list-style-type: none">• Credit Rating Agencies: Internal Controls Designed to Ensure the Integrity of the Credit Rating Process and Procedures to Manage Conflicts of Interest (Dec 2012).	In such year, the CNBV enhanced the requirements for authorization, including contingency plans and evidence of financial viability for the following two years; the firm's legal incorporation information and correspondingly, information from the shareholders, board's members and senior officers; a business plan, including operational manuals (including the description of the	Web-links to relevant documents:

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>processes, the output scales of ratings, as well as the policies for publishing the ratings), the code of conduct and the compliance of the board and the directives to the international standards. The CNBV has discretionary authority to issue additional requirements beyond CRAs code of conduct. The Securities Market Law empowers the CNBV to modify where appropriate the operating rules. In February 2012, the CNBV issued a rule amending the regime for CRAs which incorporated the IOSCO Code of conduct. In accordance to IOSCO's recommendations, on February 17, 2012, the CNBV issued new rules for CRAs to amend the Code of Conduct and several rules for strengthening market discipline. Such rules improve transparency within the rating process, enhance the procedures for rating structured products and reduce CRAs' potential conflicts of interest.</p> <p>Web-links to relevant documents: http://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20car%C3%A1cter%20general%20aplicables%20a%20las%20instituciones%20de%20cr%C3%A9ditos</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
17 (26)	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>	No information on this recommendation will be collected in the current IMN survey since a thematic peer review is taking place in this area during 2013.		

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VII. Enhancing and aligning accounting standards					
18 (27)	Consistent application of high-quality accounting standards	Regulators, supervisors, and accounting standard setters, as appropriate, should work with each other and the private sector on an ongoing basis to ensure consistent application and enforcement of high-quality accounting standards. (Washington)	Jurisdictions should indicate the accounting standards that they follow and whether (and on what basis) they are deemed to be equivalent to IFRSs as published by the IASB. They should also explain the system they have for enforcement of consistent application of those standards.	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation /Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Financial information requirements</p> <p>Status of progress :</p> <p>Reform effective (completed) as of : January 2012</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Effective January 1, 2012, all listed companies except financial institutions were required to present their financial information according to IFRS, as issued by the IASB. Mexican financial institutions, other than non-financial listed entities, are required to comply with accounting criteria issued by the CNBV. Loan provisioning is based on an expected loss approach applicable to mortgage, consumer credit (including credit cards and personal loans) and loans for subnational government. Non listed entities should comply with the</p>	<p>Planned actions (if any):</p> <p>The CNBV monitors, in a permanent basis, the development of international accounting standards and has continuous communication with both international and national accounting standard setters. Such communication is mainly supported by the CNBV’s participation at the IFRS Advisory Council meetings and equivalent bodies within the local standard setter structure. Moreover, the CNBV attends the accounting IOSCO and Basel Committee meetings. Attendance to those meetings allows the CNBV to share IFRS information among regulators and to promote consistent application of the standards. CNBV is still working with the National Standards Setter of Mexico (CINIF) in the process of convergence with IFRS. In particular, the CNBV is monitoring the development of IFRS, particularly regarding IFRS 9 “Financial Instruments”.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>accounting criteria issued by the National Accounting Standards Setter of Mexico (CINIF), whose criteria is mostly in line with IFRS.</p> <p>Web-links to relevant documents:</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
<p>19 (28)</p> <p>(29)</p>	<p>Appropriate application of Fair Value Accounting</p>	<p>Accounting standard setters and prudential supervisors should examine the use of valuation reserves or adjustments for fair valued financial instruments when data or modelling needed to support their valuation is weak. (Rec. 3.4, FSF 2009)</p> <p>Accounting standard setters and prudential supervisors should examine possible changes to relevant standards to dampen adverse dynamics potentially associated with fair value accounting. Possible ways to reduce this potential impact include the following: (1) Enhancing the accounting model so that the use of fair value accounting is carefully examined for financial instruments of credit intermediaries; (ii) Transfers between financial asset categories; (iii) Simplifying hedge accounting requirements. (Rec 3.5, FSF 2009)</p>	<p>Jurisdictions should indicate the policy measures taken for appropriate application of fair value accounting.</p> <p>See, for reference, the following BCBS documents:</p> <ul style="list-style-type: none"> • Basel 2.5 standards on prudent valuation (Jul 2009) • Supervisory guidance for assessing banks' financial instrument fair value practices (Apr 2009) 	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <p><input 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:</p> <p>Accounting criteria</p> <p>Status of progress :</p> <p>Reform effective (completed) as of : April 2013</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>In April 2013, as a result of the amendments made to the "Rules for market participants trading with listed derivative contracts “and “prudential provisions applicable to the trading of derivative listed contracts”, some amendments were made on accounting standards applicable to such participants. Such changes incorporated the valuation of securities and other financial instruments that are part of the balance sheet of the clearing members and clearinghouses, stating that the valuation of such securities and other financial instruments should be made at fair value,</p>	<p>Planned actions (if any):</p> <p>The CNBV is carrying out an assessment to determine the convenience of issuing a specific regulation on Fair Value. Current accounting rules require financial institutions to adopt fair value on some trading book activities. Upon issuance of IFRS 13 “Fair Value”, the CNBV will assess the way to incorporate in their regulation, accounting criteria aligned to IFRS 13, since according to the current regulation fair value would correspond to values provided by price vendors. Regarding the transfer of financial asset categories and hedge accounting requirements, the CNBV is waiting for a final draft of IFRS 9 "Financial Instruments" issued by IASB in order to evaluate the best way to incorporate changes into the Mexican regulatory framework.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>in order to keep consistency with the accounting standards applicable to other financial institutions supervised by the CNBV. This enhanced framework for the integration and disclosure of information by both the clearing houses and clearing members would allow for a better analysis, on the operations such entities perform, by the financial authorities and derivatives market participants.</p> <p>Web-links to relevant documents:</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VIII. Enhancing risk management					
20 (31)	Enhancing guidance to strengthen banks' risk management practices, including on liquidity and foreign currency funding risks	Regulators should develop enhanced guidance to strengthen banks' risk management practices, in line with international best practices, and should encourage financial firms to re-examine their internal controls and implement strengthened policies for sound risk management. (Washington)	Jurisdictions should indicate the policy measures taken to enhance guidance to strengthen banks' risk management practices. See, for reference, the Joint Forum's Principles for the supervision of financial conglomerates (Sep 2012) and the following BCBS documents:	Implementation ongoing or completed <i>If "Not applicable" or "Applicable but no action envisaged..." has been selected, please provide a brief justification:</i>	Planned actions (if any): Banks' risk management practices: New rules for corporate governance and internal controls for liquidity risk within the risk management framework for banks are being designed by the CNBV, taking into account the Principles for Sound Liquidity Risk Management and Supervision of the BCBS. Monitoring guidance on liquidity risks: The CNBV is conducting preliminary assessments based on the adoption of the new liquidity and leverage standards. The new capital standard has been implemented in January 2013. Additionally, the CNBV and the Central Bank are finalizing the rules to incorporate the liquidity risk principles in the comprehensive risk management framework. Peer Review on Risk Management CNBV has incorporated and developed a supervisory programme that acknowledges best practice in risk management and risk governance issues. Next steps include the introduction of CNBV's supervisory experience and risk management's global practice into bank's regulation. Preliminary work is in progress. The proposal is expected to be instrumented
(33)		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)	<ul style="list-style-type: none"> • Principles for effective risk data aggregation and risk reporting (Jan 2013) • The Liquidity Coverage Ratio (LCR) (Jan 2013) • Principles for the sound management of operational risk (Jun 2011) • Principles for sound stress testing practices and supervision (May 2009) 	<p>Issue is being addressed through :</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Status of progress :</p> <p>Reform effective (completed) as of : Mid 90's for foreign currency operations, with several amendments since.</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>MFA have developed a prudential regulatory framework for risk management practices and reinforced the supervisory oversight functions to complement global supervision requirements. Additionally, there is work ongoing on: •Internal methodologies to estimate expected losses and loan-loss provisioning on credit portfolio. Methodologies for revolving and non revolving consumer loans and for mortgages are published and there is</p>	
(34)		Regulators and supervisors in emerging markets ⁴ will enhance their supervision of banks' operation in foreign currency funding markets. (FSB 2009)	Jurisdictions may also refer to FSB's February 2013 thematic peer review report on risk governance .		
(35)		We commit to conduct robust, transparent stress tests as needed. (Pittsburgh)			

⁴ Only the emerging market jurisdictions may respond to this recommendation.

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>work ongoing for the methodology for commercial loans. •Regular stress testing to identify potential risks. •Enhancement of the supervision of internal control processes of banks to reduce the operational legal risks involved on securities trading activities. Monitoring guidance on liquidity risk: The CNBV and the Central Bank are working on a proposal to enhance the framework for liquidity risk management at the banking sector. A draft is under discussion with the industry. This proposal is expected for completion and implementation in 2013. Furthermore, both authorities have developed templates for collecting information required to calibrate the liquidity standards as established in Basel III. Since 2011 banks have been reporting monthly data to compute the LCR and the NSFR. Regulation on liquidity requirements is being drafted. Foreign currency funding: Since the 90's, the Central Bank has issued regulation for foreign currency exposures, which has undergone several reforms. Currently, the regulation covers three main areas: a requirement of liquid assets to cover net cash outflows during a 60 day period, a limit to the net open position, and a limit to net outflows for the medium term. As a result, banking institutions maintain enough liquid assets to meet their FX</p>	<p>early on 2014.</p> <p>Expected commencement date: early 2014</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>obligations and have a sound balance sheet profile in FX. Stress tests: Efforts of the CNBV are conducted on a three-pronged approach: 1.) Development of a new agenda for risk management supervision, stress testing the risk governance of banks based on lessons from the recent crisis. 2.) A stress test exercise for banks involved on traditional activities. The exercise should allow high level discussions on the bank's capital requirements for the following two years. 3.) Development of a framework to conduct systemic risk analysis to address potential contagion among institutions through interbank and derivative exposures. In addition, the FSSC coordinates efforts between the central bank and the prudential regulator on the design of stress tests.</p> <p>Web-links to relevant documents:</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
21 (36)	Efforts to deal with impaired assets and raise additional capital	Our efforts to deal with impaired assets and to encourage the raising of additional capital must continue, where needed. (Pittsburgh)	Jurisdictions should indicate steps taken to reduce impaired assets and encourage additional capital raising. For example, jurisdictions could include here the amount of new equity raised by banks operating in their jurisdictions during 2012.	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>The banking system is sound and well capitalized with an average total capital ratio of the banking sector of 16.3% as of April 2013. Credit portfolio has performed adequately during the past years. Non-performing loans was 2.8% and the coverage ratio 199.9%, as of April 2013. Furthermore, loan loss credit reserves are based on an expected loss approach.</p> <p>Status of progress : Reform effective (completed) as of : January 2013</p> <p>Short description of the content of the legislation/ regulation/guideline: Since January 2013, all banking institutions must comply with the full capital standards of Basel III. Banks´ regulation. In addition, loan loss credit reserves are based on an expected loss approach.</p> <p>Web-links to relevant documents:</p>	<p>Planned actions (if any):</p> <p>Regarding the impairment model proposed by IASB in its Exposure Draft issued on March 2013, the CNBV is reviewing it and will assess if it is appropriate to incorporate the new requirements into the Mexican regulatory framework as minimum requirement for loan loss provisioning</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
22 (37)	Enhanced risk disclosures by financial institutions	Financial institutions should provide enhanced risk disclosures in their reporting and disclose all losses on an ongoing basis, consistent with international best practice, as appropriate. (Washington)	Jurisdictions should indicate the status of implementation of the disclosures requirements of IFRSs (in particular IFRS7 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 .	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Status of progress :</p> <p>Reform effective (completed) as of : January 2013</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Current prudential regulation (within the comprehensive risk management framework) requires financial institutions to disclose qualitative and quantitative information on credit, liquidity, market and operational (legal and technological) risk exposures and their risk management procedures, including: policies, methodologies, VAR, descriptive statistics on credit risk and expected losses and any other relevant information. Similarly, accounting standards require financial institutions to disclose impairment and fair value losses on financial assets and financial liabilities (taking into account materiality in the case of interim financial reporting).</p>	<p>Planned actions (if any):</p> <p>The CNBV is constantly reviewing international developments on risk management practices and disclosure to align prudential regulation and accounting standards accordingly.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>Furthermore, the CNBV is allowed to require, when needed, additional information from financial institutions. Additionally, in January 1, 2013 capitalization disclosure requirements became effective based on the ultimate Basel requirements for disclosure purpose.</p> <p>Web-links to relevant documents:</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
IX. Strengthening deposit insurance					
23 (38)	Strengthening of national deposit insurance arrangements	National deposit insurance arrangements should be reviewed against the agreed international principles, and authorities should strengthen arrangements where needed. (Rec. VI.9, FSF 2008)	Jurisdictions should describe any revisions made to national deposit insurance system, including steps taken to address the recommendations of the FSB’s February 2012 thematic peer review report on deposit insurance systems .	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></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>Status of progress :</p> <p>Draft in preparation, expected publication by :</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Legal reforms implemented in 2004 and 2006 ("Prompt Corrective Actions" and "Banking Resolutions") were combined to strengthen the overall effectiveness of Mexico’s Deposit Insurance System. However, there are some aspects that could further strengthen the protection scheme to depositors and financial stability, broadly in line with international standards such as BCBS IADI -Core Principles for Effective Deposit Insurance Systems and FSB-Key Attributes of Effective Resolution Regimes for Financial Institutions.</p> <p>Web-links to relevant documents:</p>	<p>Planned actions (if any):</p> <p>MFA are currently developing an initiative to amend the legal framework to provide a special regime for banking institutions’ bankruptcy which would be submitted to the appropriate authorities of the Executive Branch. Once the project is approved by the Executive it will be sent to the Congress for regulatory enhancements. The project includes certain additional powers and specific functions for the deposit insurance supervisor; capacity to enter into agreements for information sharing and cross- border cooperation with foreign resolution authorities and governmental structure changes.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
X. Safeguarding the integrity and efficiency of financial markets					
24 (39)	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 the progress made in implementing the following IOSCO reports:</p> <ul style="list-style-type: none"> • Report on Regulatory Issues Raised by the Impact of Technological Changes on Market Integrity and Efficiency (Oct 2011); and • Report on Principles for Dark Liquidity (May 2011). 	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></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:</p> <p>Status of progress :</p> <p>Reform effective (completed) as of : December 2005</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Article 245 of the Securities Market Law establishes that all operating trading systems in the stock exchanges should allow their members to participate on equal terms. To this end, these systems must meet, among others, the following requirements: • Ensure continuity in the trading of securities. • Consider contingency plans to avoid disruption, alteration, limitation and other acts or events that prevent the trading of securities. • To have mechanisms to maintain the integrity of the securities market. The implemented measures are:</p> <ul style="list-style-type: none"> • A new trading engine (MoNeT) which 	<p>Planned actions (if any):</p> <p>The CNBV and the Mexican Stock Exchange (BMV) are working to improve operative controls already implemented. These will include: • The adoption of market wide circuit breakers similar to those applied in the U.S. and Canada (April 2013). • Review of the single-stock circuit breakers parameters. • Pre-trade controls review, based on the value of share trading. • Improvement of killer switches to halt a single communication channel in case of traffic messages increase. All measures mentioned will be clearly established in BMV’s internal rules.</p> <p>Expected commencement date:</p> <p>July 2013</p> <p>Web-links to relevant documents:</p> <p>http://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20carácter%20general%20aplicables%20a%20las%20instituciones%20de%20crédito.docx</p> <p>http://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20carácter%20general%20aplicables%20a%20las%20casas%20de%20bolsa.docx</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>radically improves technical attributes for the operations (it reduces 240 times latency and installed capacity to process thousands of orders per second). • Ability of the trading system of BMV to do throttling. • In order to avoid dark pools outside the trading venue, BMV has implemented a midpoint block trade. • Single-stock circuit breakers (CB) at two levels; one based on the previous trading day closing value on and the other calculated on the average of the previous 5 minutes of operation, this CB restraint sudden market movements produced by algorithmic trading. • Pre-trade controls avoid the entrance of erroneous orders.</p> <p>Web-links to relevant documents: www.diputados.gob.mx/LeyesBiblio/pdf/LMV.pdf</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
25 (40)	Enhanced market transparency in commodity markets	We need to ensure enhanced market transparency, both on cash and financial commodity markets, including OTC, and achieve appropriate regulation and supervision of participants in these markets. Market regulators and authorities should be granted effective intervention powers to address disorderly markets and prevent market abuses. In particular, market regulators should have, and use formal position management powers, including the power to set ex-ante position limits, particularly in the delivery month where appropriate, among other powers of intervention. We call on IOSCO to report on the implementation of its recommendations by the end of 2012. (Cannes)	<p>Jurisdictions should indicate the policy measures taken to enhance market transparency in commodity markets.</p> <p>See, for reference, 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 report published by the IOSCO’s Committee on Commodity Futures Markets based on a survey conducted amongst its members in April 2012 on regulation in commodity derivatives market.</p>	<p>Not applicable</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Not applicable since in Mexico there is no market for commodities</p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Status of progress :</p> <p>[No response]</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Web-links to relevant documents:</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
26 New	Legal Entity Identifier	<p>We support the creation of a global legal entity identified (LEI) which uniquely identifies parties to financial transactions. (Cannes)</p> <p>We encourage global adoption of the LEI to support authorities and market participants in identifying and managing financial risks. (Los Cabos)</p>	Jurisdictions should indicate whether they have joined Regulatory Oversight Committee (ROC) and whether they intend setting up Local Operating Unit (LOU) in their jurisdiction.	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation /Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>In January 2013, the Banco de México and the CNBV became members of the Regulatory Oversight Committee of the Global LEI System.</p> <p>Status of progress :</p> <p>Draft in preparation, expected publication by : mid 2014</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>The Bank of Mexico is part of the ROC Executive Committee and the Committee of Evaluation and Standards. Service providers to perform as Local Operating Unit Services are under review. On June 2013, the FSSC assessed the road map for LEI implementation</p> <p>Web-links to relevant documents:</p>	<p>Planned actions (if any):</p> <p>Under assessment of the best approach for adoption, including the determination of which market participant would operate as Local Operating Unit</p> <p>Expected commencement date:</p> <p>2013</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
XI. Enhancing financial consumer protection					
27 (41)	Enhancing financial consumer protection	We agree that integration of financial consumer protection policies into regulatory and supervisory frameworks contributes to strengthening financial stability, endorse the FSB report on consumer finance protection and the high level principles on financial consumer protection prepared by the OECD together with the FSB. We will pursue the full application of these principles in our jurisdictions. (Cannes)	Jurisdictions should describe progress toward implementation of the OECD’s G-20 high-level principles on financial consumer protection (Oct 2011) .	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Banxico publishes every two months reports on basic indicators of credit cards and car loans. The reports’ objective is to provide broad and comprehensive information on these markets.</p> <p>Status of progress :</p> <p>Draft in preparation, expected publication by : September 2013</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>The Law for the Protection of Financial Services Consumers empowers CONDUSEF to undertake surveillance, prevention and correction of financial practices by regulated intermediaries, through the issuance of a set of rules expected in the next months. CONDUSEF has four main responsibilities: i) advise and inform consumers; ii) conciliate differences and</p>	<p>Planned actions (if any):</p> <p>Within the National Council for Financial Inclusion, created in October 2011, there is a consumer protection group. This group's objectives are: • Identify, analyze and propose actions to solve any factor affecting the users of financial products. • Adopt international best practices on financial consumer protection. Incorporate consumer protection consideration in the new business models and products promoted by the Council and the private sector.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>provide defence; iii) regulate and supervise financial information disclosure; and iv) Enhance the mechanisms for financial education. CONDUSEF undertakes such responsibilities different channels (a call center, customers service points, website, etc).</p> <p>Web-links to relevant documents: http://www.banxico.org.mx/sistema-financiero/index.html</p>	

XII. Source of recommendations:

[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 \(1 November 2012\)](#)

XIII. List of Abbreviations used:

CNBV: National Banking and Securities Commission (Comisión Nacional Bancaria y de Valores)
 CNSF: National Insurance and Sureties Commission (Comisión Nacional de Seguros y Fianzas)
 CONDUSEF: National Commission for the Protection and Defense of Financial Services Consumers (Comisión Nacional para la Protección y Defensa de los Usuarios de Servicios Financieros)
 FSAP: Financial Sector Assessment Program
 FSSC: Financial System Stability Council
 Mexican Banking Law (LIC)
 MFA: Mexican Financial Authorities
 SHCP: Ministry of Finance and Public Credit (Secretaría de Hacienda y Crédito Público)