

Jurisdiction: Mexico

2019 IMN Survey of National/Regional Progress in the Implementation of G20/FSB Recommendations

Contact information

- 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

List of abbreviations used

Sources of recommendations

List of contact persons from the FSB and standard-setting bodies

National authorities from FSB member jurisdictions should complete the survey and submit it to the FSB Secretariat (imn@fsb.org) by **Friday, 12 July** (*representing the most recent status at that time*). The Secretariat is available to answer any questions or clarifications that may be needed on the survey. Please also provide your contact details for the person(s) completing the survey and an index of abbreviations used in the response.

National authorities are expected to submit the information to the FSB Secretariat using the Adobe Acrobat version of the survey. The Microsoft Word version of the survey is also being circulated to facilitate the preparation/collection of survey responses by relevant authorities within each jurisdiction.

Jurisdictions that previously reported implementation as completed in a particular recommendation are not required to include information about progress to date, main developments since last year's survey or future plans. Revisions to previously included text or descriptions of relevant developments and new reforms to enhance the existing framework in that area can be made as needed, but this is optional and should not lead to a downgrade from implementation completed to ongoing, unless these reverse previously implemented reforms. Jurisdictions that do not report implementation as completed are required to include full information both in the "Progress to date" and "Update and next steps" tables.

As with previous IMN surveys, the contents of this survey for each national jurisdiction will be published on the [FSB's website](#). Such publication is planned at around the time of the October 2019 G20 Finance Ministers and Central Bank Governors meeting. The FSB Secretariat will contact member jurisdictions in advance to check for any updates or amendments to submitted responses before they are published.

I. Hedge funds

II	III	IV	V	VI	VII	VIII	IX	X
----	-----	----	---	----	-----	------	----	---

1. Registration, appropriate disclosures and oversight of hedge funds

G20/FSB Recommendations

We also firmly recommitted to work in an internationally consistent and non-discriminatory manner to strengthen regulation and supervision on hedge funds.
(Seoul)

Hedge funds or their managers will be registered and will be required to disclose appropriate information on an ongoing basis to supervisors or regulators, including on their leverage, necessary for assessment of the systemic risks they pose individually or collectively. Where appropriate registration should be subject to a minimum size. They will be subject to oversight to ensure that they have adequate risk management.
(London)

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 not be collected in the 2019 survey.

I. Hedge funds

II	III	IV	V	VI	VII	VIII	IX	X
----	-----	----	---	----	-----	------	----	---

2. Establishment of international information sharing framework

G20/FSB Recommendations

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)

Remarks

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.

In addition, jurisdictions should state whether they are:

- 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](#).

Jurisdictions can also refer to Principle 28 of the 2017 IOSCO Objectives and Principles of Securities Regulation, and take into account the outcomes of any recent FSAP/ROSC assessment against those Principles.

Progress to date	
<input type="radio"/> Not applicable <input type="radio"/> Applicable but no action envisaged at the moment <input type="radio"/> Implementation ongoing <input checked="" type="radio"/> Implementation completed as of	<input type="text" value="10.01.2014"/>
If "Not applicable" or "Applicable but no action envisaged..." has been selected, please provide a brief justification <div style="background-color: #cccccc; height: 200px; width: 100%;"></div>	
If "Implementation ongoing" has been selected, please specify <input type="radio"/> Draft in preparation, expected publication by <input type="text"/>	
<input type="radio"/> Draft published as of <input type="text"/>	
<input type="radio"/> Final rule or legislation approved and will come into force on <input type="text"/>	
<input type="radio"/> Final rule (for part of the reform) in force since <input type="text"/>	

I. Hedge funds

- II
- III
- IV
- V
- VI
- VII
- VIII
- IX
- X

2. Establishment of international information sharing framework

Progress to date	
<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) <p>Short description of the content of the legislation/regulation/guideline/other actions</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 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.</p> <p>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>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

I. Hedge funds

- II
- III
- IV
- V
- VI
- VII
- VIII
- IX
- X

2. Establishment of international information sharing framework

Update and next steps	
<p>Highlight main developments since last year's survey</p> <p>No modifications to the existing framework during the last year</p>	<p>Planned actions (if any) and expected commencement date</p> <p>CNBV continuously assesses its information sharing agreement framework with foreign authorities.</p>

Relevant web-links	
<p>Web-links to relevant documents</p>	<p>IOSCO MMoU signatories https://www.iosco.org/about/?subSection=mmou&subSection1=signatories</p>

I. Hedge funds

II III IV V VI VII VIII IX X

3. Enhancing counterparty risk management

G20/FSB Recommendations

Supervisors should require that institutions which have hedge funds as their counterparties have effective risk management, including mechanisms to monitor the funds' leverage and set limits for single counterparty exposures. (London)

Supervisors will strengthen their existing guidance on the management of exposures to leveraged counterparties. (Rec. II.17, FSF 2008)

Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2018 IMN survey. Given this, the reporting of progress with respect to this recommendation will not be collected in the 2019 survey.

I	II. Securitisation	III	IV	V	VI	VII	VIII	IX	X
---	--------------------	-----	----	---	----	-----	------	----	---

4. Strengthening of regulatory and capital framework for monolines

G20/FSB Recommendations

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 not be collected in the 2019 survey.

I II. Securitisation III IV V VI VII VIII IX X

5. Strengthening of supervisory requirements or best practices for investment in structured products

G20/FSB Recommendations

Regulators of institutional investors should strengthen the requirements or best practices for firms' processes for investment in structured products. (Rec II.18, FSF 2008)

Remarks

Jurisdictions should indicate the due diligence policies, procedures and practices applicable for investment managers when investing in structured finance instruments and other policy measures taken for strengthening best practices for investment in structured finance products.

Jurisdictions may reference IOSCO's report on [Good Practices in Relation to Investment Managers' Due Diligence When Investing in Structured Finance Instruments \(Jul 2009\)](#).

Jurisdictions may also refer to the Joint Forum report on [Credit Risk Transfer-Developments from 2005-2007 \(Jul 2008\)](#).

Progress to date

Not applicable
 Applicable but no action envisaged at the moment
 Implementation ongoing
 Implementation completed as of 01.12.2010

If "Not applicable" or "Applicable but no action envisaged..." has been selected, please provide a brief justification

If "Implementation ongoing" has been selected, please specify

Draft in preparation, expected publication by [redacted]
 Draft published as of [redacted]
 Final rule or legislation approved and will come into force on [redacted]
 Final rule (for part of the reform) in force since [redacted]

I	II. Securitisation	III	IV	V	VI	VII	VIII	IX	X
5. Strengthening of supervisory requirements or best practices for investment in structured products									

Progress to date	
<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)</p> <p>Short description of the content of the legislation/regulation/guideline/other actions</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 (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.</p> <p>Equity and debt funds may invest in structured products as long as these securities are: - Aligned to the type of fund and set in their investment regime. - In case of debt funds, these securities shall have a guaranteed capital and a minimum return. - Disclose the credit, market and liquidity risks for investing in these securities in their prospectus. - The investment management company has personnel specialized in trading these types of assets. - The investment management company has in place proper risk policies and procedures to measure monitor and control risks inherent to these securities. - The investment management company declares it is aware and responsible for the decision taken and has considered: i) the characteristics of the security; ii) the risks the security has; iii) the expected cash flows, and iv) the security is aligned to the fund's investment regime.</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

I	II. Securitisation	III	IV	V	VI	VII	VIII	IX	X
5. Strengthening of supervisory requirements or best practices for investment in structured products									

Update and next steps	
<p>Highlight main developments since last year's survey</p> <p>No modifications to the existing framework were made during the last year (as of June 2019).</p>	<p>Planned actions (if any) and expected commencement date</p> <p>To date there are no further actions envisaged.</p>

Relevant web-links	
<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</p> <p>Provisions for Investment Funds (CUFI, for its acronym in Spanish) https://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20car%C3%A1cter%20general%20aplicables%20a%20los%20Fondos%20de%20Inversi%C3%B3n%20y%20a%20las%20personas%20que%20les%20prestan%20servicios.pdf</p> <p>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%20del%20sistema%20financiero.pdf</p>

I	II. Securitisation	III	IV	V	VI	VII	VIII	IX	X
---	--------------------	-----	----	---	----	-----	------	----	---

6. Enhanced disclosure of securitised products

G20/FSB Recommendations

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)

Remarks

Jurisdictions should indicate the policy measures and other initiatives taken in relation to enhancing disclosure of securitised products, including working with industry and other authorities to continue to standardise disclosure templates and considering measures to improve the type of information that investors receive.

See, for reference, IOSCO’s [Report on Principles for Ongoing Disclosure for Asset-Backed Securities \(Nov 2012\)](#), [Disclosure Principles for Public Offerings and Listings of Asset-Backed Securities \(Apr 2010\)](#) and [report on Global Developments in Securitisation Regulations \(November 2012\)](#), in particular recommendations 4 and 5.

Progress to date
<p> <input type="radio"/> Not applicable <input type="radio"/> Applicable but no action envisaged at the moment <input type="radio"/> Implementation ongoing <input checked="" type="radio"/> Implementation completed as of 01.10.2015 </p> <p>If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification</p> <div style="background-color: #cccccc; height: 200px; width: 100%; margin-top: 10px;"></div>
<p>If “Implementation ongoing” has been selected, please specify</p> <p> <input type="radio"/> Draft in preparation, expected publication by <input type="radio"/> Draft published as of <input type="radio"/> Final rule or legislation approved and will come into force on <input type="radio"/> Final rule (for part of the reform) in force since </p>

I	II. Securitisation	III	IV	V	VI	VII	VIII	IX	X
---	--------------------	-----	----	---	----	-----	------	----	---

6. Enhanced disclosure of securitised products

Progress to date	
<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) <p>Short description of the content of the legislation/regulation/guideline/other actions</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, 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>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

I II. Securitisation III IV V VI VII VIII IX X

6. Enhanced disclosure of securitised products

Update and next steps

Highlight main developments since last year's survey

The General Provisions included enhancements to the surveillance faculties of the Investors Common Representative, in this way the issuer trustee and the other parties in asset back operation documents, shall deliver to the Investors Common Representative all the relevant information for him to verify the compliance of their obligations. Besides, the Investors Common Representative could visit the participants periodically and to suggest to the securities holders' assembly to hire specialized experts to help him to make his surveillance functions. This faculties and duties shall be disclosed in the securitization legal documents and prospectuses.

Planned actions (if any) and expected commencement date

The CNBV will continue evaluating mechanisms to improve the disclosure of information regarding securitizations mainly about the functions and obligations of the different participants as well as the form and quality of their performance

Relevant web-links

Web-links to relevant documents

- Securities Markets Law (LMV, for its acronym in Spanish). <http://www.cnbv.gob.mx/Normatividad/Ley%20del%20Mercado%20de%20Valores.pdf>
- General Provisions for Securities Issuers (CUE, for its acronym in Spanish) <http://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%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>

I II III. Enhancing supervision IV V VI VII VIII IX X

7. Consistent, consolidated supervision and regulation of SIFIs

G20/FSB Recommendations

All firms whose failure could pose a risk to financial stability must be subject to consistent, consolidated supervision and regulation with high standards. (Pittsburgh)

Remarks

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.

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.

See, for reference, the following documents:

BCBS

- [Framework for G-SIBs \(Jul 2018\)](#)
- [Framework for D-SIBs \(Oct 2012\)](#)

IAIS

- [Global Systemically Important Insurers: Policy Measures \(Jul 2013\) and revised assessment methodology \(updated in June 2016\)](#)
- [IAIS SRMP guidance - FINAL \(Dec 2013\)](#)
- [Guidance on Liquidity management and planning \(Oct 2014\)](#)

FSB

- [Framework for addressing SIFIs \(Nov 2011\)](#)

Progress to date

Not applicable
 Applicable but no action envisaged at the moment
 Implementation ongoing
 Implementation completed as of 30.04.2016

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

Draft in preparation, expected publication by [redacted]
 Draft published as of [redacted]
 Final rule or legislation approved and will come into force on [redacted]
 Final rule (for part of the reform) in force since [redacted]

I	II	III. Enhancing supervision	IV	V	VI	VII	VIII	IX	X
---	----	----------------------------	----	---	----	-----	------	----	---

7. Consistent, consolidated supervision and regulation of SIFIs

Progress to date	
<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)</p> <p>Short description of the content of the legislation/regulation/guideline/other actions</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 Regulate Financial Groups (LRAF, for its 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, additional powers were granted to the Commission for imposing capital surcharges for institutions that could constitute a systemic risk. 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. This tool facilitates the Mexican Financial Authorities (MFA) determination of the domestic systemically important entities.</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

I II III. Enhancing supervision IV V VI VII VIII IX X

7. Consistent, consolidated supervision and regulation of SIFIs

Update and next steps	
<p>Highlight main developments since last year's survey</p> <p>Annually, the CNBV discloses a list of D-SIBs classified according to a specific methodology. The CNBV's Board approves the D-SIBs list and it is published on the CNBV website.</p> <p>Regarding insurance sector, Global Systemically Important Insurers (G-SIIs) are not particularly included in Mexico's insurance regulation, because there are not insurers or groups qualified as G-SIIs.</p>	<p>Planned actions (if any) and expected commencement date</p> <p>To date there are no further actions envisaged.</p>

Relevant web-links	
<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</p> <p>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</p>

I	II	III. Enhancing supervision	IV	V	VI	VII	VIII	IX	X
8. Establishing supervisory colleges and conducting risk assessments									

G20/FSB Recommendations

To establish the remaining supervisory colleges for significant cross-border firms by June 2009. (London)

We agreed to conduct rigorous risk assessment on these firms [G-SIFIs] through international supervisory colleges. (Seoul)

Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2017 IMN survey. The BCBS and IAIS will be monitoring implementation progress in this area with respect to banks and insurers respectively.

I II III. Enhancing supervision IV V VI VII VIII IX X

9. Supervisory exchange of information and coordination

G20/FSB Recommendations

To quicken supervisory responsiveness to developments that have a common effect across a number of institutions, supervisory exchange of information and coordination in the development of best practice benchmarks should be improved at both national and international levels. (Rec V.7 , FSF 2008)

Enhance the effectiveness of core supervisory colleges. (FSB 2012)

Remarks

Jurisdictions should include any feedback received from recent FSAPs/ROSC assessments on the [September 2012](#) BCP 3 (Cooperation and collaboration) and BCP 14 (Home-host relationships). Jurisdictions should also indicate any steps taken since the last assessment in this area, particularly in response to relevant FSAP/ROSC recommendations.

Jurisdictions should describe any recent or planned regulatory, supervisory or legislative changes that contribute to the sharing of supervisory information (e.g. within supervisory colleges or via bilateral or multilateral MoUs).

Progress to date

Not applicable
 Applicable but no action envisaged at the moment
 Implementation ongoing
 Implementation completed as of 10.01.2014

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

Draft in preparation, expected publication by [redacted]
 Draft published as of [redacted]
 Final rule or legislation approved and will come into force on [redacted]
 Final rule (for part of the reform) in force since [redacted]

I	II	III. Enhancing supervision	IV	V	VI	VII	VIII	IX	X
9. Supervisory exchange of information and coordination									

Progress to date	
<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 type="checkbox"/> Other actions (such as supervisory actions) <p>Short description of the content of the legislation/regulation/guideline/other actions</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 respond to requests of information made by such foreign authorities. For this purpose, the Mexican financial authorities should have in place MoUs 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 financial authorities in order to properly communicate and coordinate with its foreign counterparts, both, during business-as-usual as well 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>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p> <div style="background-color: #D3D3D3; height: 150px; width: 100%;"></div>

I	II	III. Enhancing supervision	IV	V	VI	VII	VIII	IX	X
---	----	----------------------------	----	---	----	-----	------	----	---

9. Supervisory exchange of information and coordination

Update and next steps	
<p>Highlight main developments since last year's survey</p> <p>During 2018, IPAB signed a collaboration arrangement on the exchange of information and cooperation with the Single Resolution Board of the European Banking Union, as well as a memorandum of understanding with the Deposit Insurance Agency of the Russian Federation, with the aim of sharing knowledge and experiences on deposit insurance and bank resolutions.</p>	<p>Planned actions (if any) and expected commencement date</p> <p>The MFAs continuously assess the information sharing agreement framework with foreign authorities. IPAB will continue working to ensure it maintains a collaboration arrangement with all foreign resolution home authorities for local banks considered as domestically systemic entities.</p>

Relevant web-links	
<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>

10. Strengthening resources and effective supervision

G20/FSB Recommendations

We agreed that supervisors should have strong and unambiguous mandates, sufficient independence to act, appropriate resources, and a full suite of tools and powers to proactively identify and address risks, including regular stress testing and early intervention. (Seoul)

Supervisors should see that they have the requisite resources and expertise to oversee the risks associated with financial innovation and to ensure that firms they supervise have the capacity to understand and manage the risks. (FSF 2008)

Supervisory authorities should continually re-assess their resource needs; for example, interacting with and assessing Boards require particular skills, experience and adequate level of seniority. (Rec. 3, FSB 2012)

Remarks

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 \(May 2015\)](#).

Progress to date	
<input type="radio"/> Not applicable <input type="radio"/> Applicable but no action envisaged at the moment <input type="radio"/> Implementation ongoing <input checked="" type="radio"/> Implementation completed as of	<div style="border: 1px solid gray; background-color: #e0e0e0; padding: 5px; width: 100px; display: inline-block;">12.12.2017</div>
If "Not applicable" or "Applicable but no action envisaged..." has been selected, please provide a brief justification <div style="border: 1px solid gray; background-color: #e0e0e0; height: 200px; width: 100%;"></div>	
If "Implementation ongoing" has been selected, please specify <input type="radio"/> Draft in preparation, expected publication by <div style="border: 1px solid gray; background-color: #e0e0e0; width: 100px; display: inline-block;"></div> <input type="radio"/> Draft published as of <div style="border: 1px solid gray; background-color: #e0e0e0; width: 100px; display: inline-block;"></div> <input type="radio"/> Final rule or legislation approved and will come into force on <div style="border: 1px solid gray; background-color: #e0e0e0; width: 100px; display: inline-block;"></div> <input type="radio"/> Final rule (for part of the reform) in force since <div style="border: 1px solid gray; background-color: #e0e0e0; width: 100px; display: inline-block;"></div>	

I II III. Enhancing supervision IV V VI VII VIII IX X

10. Strengthening resources and effective supervision

Progress to date	
<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) <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>CNBV has clearly defined its supervisory strategy and priorities, through the following processes, activities and actions:</p> <p>Recommendation 1</p> <ul style="list-style-type: none"> - CNBV's system-wide supervisory strategy and priorities are defined for each sector, according to supervisory priorities, institutional objectives (financial sector soundness) and human resources. CNBV's strategy and objectives are established in CNBV's Strategic Plan and supervisory goals and priorities are set forth in the Annual Visits Program (PAV, for its acronym in Spanish), specifying the entities, as well as the scope (including the participation of specialized supervisory departments). PAV's definition takes into consideration the following elements, among others: risk rating assessment, systemic importance, size of financial institutions, specific risk concerns, corrective actions follow-up. The PAV is annually presented to CNBV's Board, prior to its implementation. - Also, CNBV's risk-based banking supervision has been strengthened in the last years, by revising on-site and off-site supervision methodologies, tools, and processes, as well as monitoring indicators with a risk-based approach that enable supervisors to implement effective corrective actions and penalties, and effectively monitor the risks and controls of the financial system. - As a result, CNBV consolidated the following supervisory tools: risk rating methodology; institutional report (including key financial and operational metrics); On-site supervisory procedures (with a risk based approach). More detail is provided in section "Update and next steps" of this recommendation. - Besides, in order to facilitate the implementation of new methodologies and procedures, and improve documentation and quality systems, CNBV consolidated the Information Technology Platform for Supervision (PTS, for its acronym in Spanish).It should be mentioned that top level officials of CNBV (Chairman, Vice-Chairman and General Directors) meet on a regular basis to discuss on relevant supervisory and regulatory topics and priorities. Efficient communication channels with supervised entities are in place. <p>In the case of IPAB, as deposit insurer and resolution authority, both on-site and off-site strategies are clearly defined, planned for and informed to its Board of Governors through formal processes, in close coordination with other financial authorities, considering a periodic multi-factor risk and data quality assessment on all commercial banks.</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

I	II	III. Enhancing supervision	IV	V	VI	VII	VIII	IX	X
---	----	----------------------------	----	---	----	-----	------	----	---

10. Strengthening resources and effective supervision

Update and next steps

Highlight main developments since last year's survey

CEFER:

- During 2017 and early 2018, the CEFER (risk matrix) to assess the behaviour of investments' advisors in financial entities was developed. Other risk assessment matrixes were automated for the following sectors: cooperative savings and loans societies (SOCAPs), popular financial corporations (SOFIPOs), credit unions and deposit warehouses. Also, CEFER matrix for anti-money laundering and financing of terrorism was reviewed and the methodology was improved.

- Through these assessments, CNBV has been able to determine not only the riskier entities of the financial system, but also specific individual vulnerabilities, based on a robust methodology which considers quantitative and qualitative metrics for the most significant activities of each sector. This information has allowed CNBV to improve its supervisory strategy, as well as focus on the foremost priorities under a risk-based approach fine tune the scope of supervision and the use of human resources.

- CNBV will continue improving its supervisory strategy and communication with entities based, among other supervisory tools, on CEFER results.

Institutional Report:

- During 2017 and 2018, the institutional report was completed for the following sectors: i) investment funds, ii) stock and debt issuers, and iii) non-bank financial institutions.

- During 2017 the institutional report for credit institutions was automated in the PTS (Information Technology Platform for supervision) and the reports for SOCAP, SOFIPO, credit unions and deposit warehouses were automated during the 3Q2018.

- In addition, new reports for financial groups and investment advisors will be developed during the 4Q2018. Financial groups+

Planned actions (if any) and expected commencement date

- Currently CNBV is working with Banco de México to issue the joint regulation for electronic payments institutions in the following topics: cybersecurity, use of electronic devices, outsourcing and continuity of operations.

- CNBV is working in the following dispositions for financial technology institutions: application programming interfaces (APIs) and net capital.

Relevant web-links

Web-links to relevant documents

FinTech regulation for financial technology institutions issued by the CNBV (available only in Spanish): <https://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20carácter%20general%20aplicables%20a%20las%20instituciones%20de%20tecnología%20financiera.pdf>

CONSAR guidelines for AFORE and SIEFORE:

Guidelines: <https://www.gob.mx/consar/documentos/normativa-normatividad-emitida-por-la-consar-circulares-consar-23509>

Operations: https://www.gob.mx/cms/uploads/attachment/file/469868/DISPOSICIONES_EN_MATERIA_DE_OPERACIONES_COMPILACION_20190618.pdf

11. Establishing regulatory framework for macro-prudential oversight

G20/FSB Recommendations

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)

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)

Remarks

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.

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.

Progress to date	
<input type="radio"/> Not applicable <input type="radio"/> Applicable but no action envisaged at the moment <input type="radio"/> Implementation ongoing <input checked="" type="radio"/> Implementation completed as of 10.01.2014	
If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification	
If “Implementation ongoing” has been selected, please specify	
<input type="radio"/> Draft in preparation, expected publication by	
<input type="radio"/> Draft published as of	
<input type="radio"/> Final rule or legislation approved and will come into force on	
<input type="radio"/> Final rule (for part of the reform) in force since	

I II III IV. Building and implementing macroprudential frameworks and tools V VI VII VIII IX X

11. Establishing regulatory framework for macro-prudential oversight

Progress to date	
<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)</p> <p>Short description of the content of the legislation/regulation/guideline/other actions</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 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.</p> <p>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. Each member authority remains responsible for deploying macro prudential tools in accordance to their respective mandates and within their powers. Regarding the implementation of the IMF FSSA recommendations, the CESF continues keeping the track record of the macro prudential tools available for use of the Mexican financial authorities. As a result of the last CESF meeting (June 2019) it was agreed that the CESF would take on the responsibility of assessing the scope of regulatory perimeter on a yearly basis following FSB's recommendations. If deemed appropriate relevant authorities will take actions accordingly to adjust the scope of regulation and supervision.</p> <p>In terms of the shadow banking sector, (currently known as the non-bank financial intermediation sector) the 2014 Financial Reform enhanced authorities' powers to collect relevant information from individual financial institutions including the non-regulated sector (Sofomes ENR). 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 the corresponding fiscal benefits. Second, entities must keep the information in said registry always updated. Third, criteria under which these entities would become regulated was set (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, SOFOMEs are required to</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

11. Establishing regulatory framework for macro-prudential oversight

Update and next steps

Highlight main developments since last year's survey	Planned actions (if any) and expected commencement date
<p>The Financial System Stability Council (CESF, for its acronym in Spanish), remains working in the same way as it has during the last years, with the objective of identifying and analysing potential risks to financial stability. However, as mentioned above the CESF members agreed during its last meeting to assess on an annual basis the scope and adequacy of the regulatory perimeter and to take action if deemed necessary, following FSB's recommendations (Overarching Principle 1).</p> <p>The Ministry of Finance carries out the annual evaluation of the performance of banks since 2015. For this evaluation, the Ministry requests quantitative and qualitative financial information of each bank in order to compute indicators for assessing their development and performance during the year. The Ministry can request additional information, data, evidence or records to Banks in order to clarify particular situations that can be identified during the process of the evaluation.</p>	<p>Authorities will continue to implement the Shadow Banking Monitoring Framework (now referred to Non-Bank Financial Intermediaries within the FSB) and 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>

Relevant web-links

Web-links to relevant documents	
	<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 Circular 4/2012 where the schedule has been published: http://www.banxico.org.mx/disposiciones/normativa/reglas-conjuntas-participantes-del-mercado-de-cont/%7B7EFEB4D3-621B-D1D5-09C4-0BBC08FDA46D%7D.pdf Circular 14/2015 relative to the Legal Entity Identifier: http://www.banxico.org.mx/disposiciones/normativa/circular-14-2015/%7B2EAC8B5A-8A4F-E325-3DE4-BB3033A9806F%7D.pdf Public information about the Legal Entity Identifier: http://www.banxico.org.mx/financal-system/lei-code-reference-banco-mexi.html</p>

12. Enhancing system-wide monitoring and the use of macro-prudential instruments

G20/FSB Recommendations

Authorities should use quantitative indicators and/or constraints on leverage and margins as macro-prudential tools for supervisory purposes. Authorities should use quantitative indicators of leverage as guides for policy, both at the institution-specific and at the macro-prudential (system-wide) level. (Rec. 3.1, FSF 2009)

We are developing macro-prudential policy frameworks and tools to limit the build-up of risks in the financial sector, building on the ongoing work of the FSB-BIS-IMF on this subject. (Cannes)

Authorities should monitor substantial changes in asset prices and their implications for the macro economy and the financial system. (Washington)

Remarks

Please describe at a high level (including by making reference to financial stability or other reports, where available) the types of methodologies, indicators and tools used to assess systemic risks.

Please indicate the use of 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.

See, for reference, the following documents:

- 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 Policies: Lessons from International Experience \(Aug 2016\)](#)
- CGFS report on [Experiences with the ex ante appraisal of macroprudential instruments \(Jul 2016\)](#)
- CGFS report on [Objective-setting and communication of macroprudential policies \(Nov 2016\)](#)

Progress to date

Not applicable
 Applicable but no action envisaged at the moment
 Implementation ongoing
 Implementation completed as of 07.04.2016

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

Draft in preparation, expected publication by [redacted]
 Draft published as of [redacted]
 Final rule or legislation approved and will come into force on [redacted]
 Final rule (for part of the reform) in force since [redacted]

I	II	III	IV. Building and implementing macroprudential frameworks and tools	V	VI	VII	VIII	IX	X
---	----	-----	--------------------------------------------------------------------	---	----	-----	------	----	---

12. Enhancing system-wide monitoring and the use of macro-prudential instruments

Progress to date	
<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 type="checkbox"/> Other actions (such as supervisory actions) <p>Short description of the content of the legislation/regulation/guideline/other actions</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. The CESF has analysed the use of macro prudential tools available in other jurisdictions.</p> <p>The macro prudential tools currently available in Mexico are the following:</p> <ul style="list-style-type: none"> - 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 and to set out higher loss absorbency requirement. 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 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. <p>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 forest</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

12. Enhancing system-wide monitoring and the use of macro-prudential instruments

Update and next steps

Highlight main developments since last year's survey

The interconnectedness analysis has been extended to identify the threats that may affect a bank or a group of banks and can be spread out to the financial system such as downgrade of credit rating of a corporation.

In particular, the CESF reviewed stress tests exercises for banking institutions conducted by the CNBV and closely monitored 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 Council also examined 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 were published in the CESF March annual report. Furthermore, Banco de Mexico continued conducting stress tests exercises for the banking system and undertaking network analyses to determine the risks of contagion. Banco de Mexico published the 2018 and 1H19 financial stability reports with a detailed assessment of the financial system, threats to financial stability, a balance of risks and potential measures to mitigate them. These Reports also evaluated the situation of the banking system and any other sectors that may exhibit patterns or behaviours which may be a cause of concern. The set of other macro prudential tools currently available in Mexico remains the same as reported last year.

Planned actions (if any) and expected commencement date

The CNBV had initiated the development of a complementary systemic risk model that will assess the ability of banks to meet near-term payment obligations, under funding loss and other stress scenarios. Banco de México and the CNBV keep an ongoing process of determining the proper triggers for both, deploying and releasing the countercyclical capital buffer (CCyB).

Relevant web-links

Web-links to relevant documents

Mexican Financial System Stability Council (CESF, for its acronym in Spanish) <http://www.cesf.gob.mx/es/CESF/home> Report on the Mexican financial system (2017) (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/%7B74B93C8B-DACE-1C73-B1B1-BF8EC23D1237%7D.pdf>
 Financial Regulatory framework for AFORE, the Pension fund managers.
https://www.gob.mx/cms/uploads/attachment/file/461743/COMPILACION_DISPOSICIONES_EN_MATERIA_FINANCIERA_20190515.pdf

13. Enhancing regulation and supervision of CRAs

G20/FSB Recommendations

All CRAs whose ratings are used for regulatory purposes should be subject to a regulatory oversight regime that includes registration. The regulatory oversight regime should be established by end 2009 and should be consistent with the IOSCO Code of Conduct Fundamentals. (London)

National authorities will enforce compliance and require changes to a rating agency's practices and procedures for managing conflicts of interest and assuring the transparency and quality of the rating process.

CRAs should differentiate ratings for structured products and provide full disclosure of their ratings track record and the information and assumptions that underpin the ratings process.

The oversight framework should be consistent across jurisdictions with appropriate sharing of information between national authorities, including through IOSCO. (London)

Regulators should work together towards appropriate, globally compatible solutions (to conflicting compliance obligations for CRAs) as early as possible in 2010. (FSB 2009)

We encourage further steps to enhance transparency and competition among credit rating agencies. (St Petersburg)

Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2018 IMN survey. Given this, the reporting of progress with respect to this recommendation will not be collected in the 2019 survey.

14. Reducing the reliance on ratings

G20/FSB Recommendations

We also endorsed the FSB’s principles on reducing reliance on external credit ratings. Standard setters, market participants, supervisors and central banks should not rely mechanistically on external credit ratings. (Seoul)

Authorities should check that the roles that they have assigned to ratings in regulations and supervisory rules are consistent with the objectives of having investors make independent judgment of risks and perform their own due diligence, and that they do not induce uncritical reliance on credit ratings as a substitute for that independent evaluation. (Rec IV. 8, FSF 2008)

We reaffirm our commitment to reduce authorities’ and financial institutions’ reliance on external credit ratings, and call on standard setters, market participants, supervisors and central banks to implement the agreed FSB principles and end practices that rely mechanistically on these ratings. (Cannes)

We call for accelerated progress by national authorities and standard setting bodies in ending the mechanistic reliance on credit ratings and encourage steps that would enhance transparency of and competition among credit rating agencies. (Los Cabos)

We call on national authorities and standard setting bodies to accelerate progress in reducing reliance on credit rating agencies, in accordance with the FSB roadmap. (St Petersburg)

Remarks

Jurisdictions should indicate the steps they are taking to address the recommendations of the [May 2014 FSB thematic peer review report on the implementation of the FSB Principles for Reducing Reliance on Credit Ratings](#), including by implementing their [agreed action plans](#). Any revised action plans should be sent to the FSB Secretariat so that it can be posted on the FSB website.

Jurisdictions may refer to the following documents:

- FSB [Principles for Reducing Reliance on CRA Ratings \(Oct 2010\)](#)
- FSB [Roadmap for Reducing Reliance on CRA Ratings \(Nov 2012\)](#)
- BCBS [Basel III: Finalising post-crisis reforms \(Dec 2017\)](#)
- 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 the Use of External Credit Ratings \(Dec 2015\)](#).

Progress to date

Not applicable
 Applicable but no action envisaged at the moment
 Implementation ongoing
 Implementation completed as of 01.12.2016

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

Draft in preparation, expected publication by [redacted]
 Draft published as of [redacted]
 Final rule or legislation approved and will come into force on [redacted]
 Final rule (for part of the reform) in force since [redacted]

I	II	III	IV	V. Improving oversight of credit rating agencies (CRAs)	VI	VII	VIII	IX	X
---	----	-----	----	---------------------------------------------------------	----	-----	------	----	---

14. Reducing the reliance on ratings

Progress to date	
<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 type="checkbox"/> Other actions (such as supervisory actions) <p>Short description of the content of the legislation/regulation/guideline/other actions</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:</p> <ul style="list-style-type: none"> - to perform 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. <p>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.</p> <p>Regarding the pension funds sector, CONSAR requires AFOREs (i.e. pension funds) 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. These need to be provided in addition to those prepared by credit rating agencies (CRA); consequently, AFOREs are 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>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

I II III IV V. Improving oversight of credit rating agencies (CRAs) VI VII VIII IX X

14. Reducing the reliance on ratings

Update and next steps	
<p>Highlight main developments since last year's survey</p> <p>Banco de México's methodology for the valuation of securities that would be received as collateral in case liquidity is provided under the Emergency Liquidity Assistance mechanism, has been already approved by the Board of Governors, and is currently undergoing some testing with systemically important institutions. Furthermore, Banco de México finished its work regarding the framework used for the daily valuation of collateral received as part of its Open Market Operations. This new valuation methodology has been officially published and will start being implemented as of July 12th, 2019. With these projects, Banco de México is establishing valuation mechanisms that are independent of the ratings assigned to the securities.</p>	<p>Planned actions (if any) and expected commencement date</p> <p>These Banco de Mexico's projects have been concluded.</p>

Relevant web-links	
<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</p> <p>Investment Funds Law (Ley de Fondos de Inversión). http://www.cnbv.gob.mx/Normatividad/Ley%20de%20Fondos%20de%20Inversi%C3%B3n.pdf</p> <p>Financial Regulatory framework for AFORE, the Pension fund managers. https://www.gob.mx/cms/uploads/attachment/file/461743/COMPILACION_DISPOSICIONES_EN_MATERIA_FINANCIERA_20190515.pdf</p>

I II III IV V VI. Enhancing and aligning accounting standards VII VIII IX X

15. Consistent application of high-quality accounting standards

G20/FSB Recommendations

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)

Remarks

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.

Jurisdictions may want to refer to their jurisdictional profile prepared by the IFRS Foundation, which can be accessed at: <http://www.ifrs.org/Use-around-the-world/Pages/Analysis-of-the-G20-IFRS-profiles.aspx>.

As part of their response on this recommendation, jurisdictions should indicate the policy measures taken for appropriate application of fair value recognition, measurement and disclosure.

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.

See, for reference, the following BCBS documents:

- [Supervisory guidance for assessing banks' financial instrument fair value practices \(Apr 2009\)](#)
- [Guidance on credit risk and accounting for expected credit losses \(Dec 2015\)](#)
- [Regulatory treatment of accounting provisions - interim approach and transitional arrangements \(March 2017\)](#)

Progress to date

Not applicable
 Applicable but no action envisaged at the moment
 Implementation ongoing
 Implementation completed as of 01.09.2019

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

Draft in preparation, expected publication by [redacted]
 Draft published as of [redacted]
 Final rule or legislation approved and will come into force on 01.01.2012
 Final rule (for part of the reform) in force since [redacted]

I II III IV V VI. Enhancing and aligning accounting standards VII VIII IX X

15. Consistent application of high-quality accounting standards

Progress to date	
<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)</p> <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>• According to the National Banking and Securities Commission Law, (LCNBV, for its acronym in Spanish), article 19, CNBV is empowered to require entities, and to any other person subject to its supervision, all kinds of information and documents 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, Banking Provisions (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 states the powers of the CNBV to require banks to disclose their risk information (Pillar 3 information). • Banks should submit 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 permanent convergence project to eliminate any difference between MFRS and IFRS. In this sense, MFRS - applied by domestic companies whose securities are not publicly traded - are convergent to IFRS.</p> <p>On the other hand, insurance and surety institutions supervised by CNSF, must observe the accounting guidelines setting by the CINIF, except when the CNSF considers it is necessary to apply specific accounting criteria contained in secondary insurance regulation (Circular Única de Seguros y Fianzas, Annex 22.1.2)</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

I II III IV V VI. Enhancing and aligning accounting standards VII VIII IX X

15. Consistent application of high-quality accounting standards

Update and next steps

Update and next steps	Planned actions (if any) and expected commencement date
<p>Highlight main developments since last year's survey</p> <p>Regarding the new accounting requirements for expected credit losses approach, contained in IFRS 9 and MFRS C-16, the CNBV developed a project in order to align the standards for banks, and other financial entities comprising a financial group, with IFRS 9.</p> <p>During 2018, the project was shared with financial entities in order to receive comments, and be capable to issue a final draft in the last quarter of 2019.</p> <ul style="list-style-type: none"> • Fair value accounting requirements aligned with IFRS 13 are included in the drafts mentioned in the previous bullet. • 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 twelve-month expected losses approach. <p>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). Regarding expected credit losses approach included in IFRS 9, CNBV developed during 2018 a project that includes amendments in order to include the three levels of credit risk in the allowances. In this sense supervisory formulas were updated for all credit portfolios and also, specific regulation was incorporated to establish the requirements applicable to internal provisions models (expected to be developed by some banks) and its interaction with the existing IRB models.</p> <p>The overall impact of the implementation is expected to be low in monetary terms and moderate due to operative and technological changes. The publication of the framework is expected to take place during the last quarter of 2019. +</p>	<p>Planned actions (if any) and expected commencement date</p> <ul style="list-style-type: none"> • The CNBV will continue working with CINIF in the process of convergence with IFRS. • The tripartite regulation for financial groups drafted during 2016 was suspended to reflect the IFRS 9 effects, additionally to the topics originally included: prudential rules, accounting standards and financial statements. Tripartite rules are being jointly developed by the three regulators: CNBV, CNSF (Insurance and surety institutions) and CONSAR (Fund managers for pension funds). • CNBV, CNSF and CONSAR are expecting to issue in the last quarter of 2019 a final project of tripartite rules • CNBV will continue with the alignment project on recognition, measurement and disclosure standards for financial instruments and fair value for each financial entity under its supervision. The updated projects are expected to be issued during the second semester of 2019 and effective on 2021. • CNBV will begin to align the accounting standards for those financial entities not authorized to become part of a financial group, such as credit unions and cooperative savings and loan companies. +

Relevant web-links

<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> <p>Accounting guidelines for the AFORE and SIEFORE: https://www.gob.mx/cms/uploads/attachment/file/447021/DISPOSICIONES_REGISTRO_DE_CONTABILIDAD_COMPILACION_20190320.pdf</p>
-----------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

16. Enhancing guidance to strengthen banks' risk management practices, including on liquidity and foreign currency funding risks

G20/FSB Recommendations

Regulators should develop enhanced guidance to strengthen banks' risk management practices, in line with international best practices, and should encourage financial firms to re-examine their internal controls and implement strengthened policies for sound risk management. (Washington)

National supervisors should closely check banks' implementation of the updated guidance on the management and supervision of liquidity as part of their regular supervision. If banks' implementation of the guidance is inadequate, supervisors will take more prescriptive action to improve practices. (Rec. II.10, FSF 2008)

Regulators and supervisors in emerging markets will enhance their supervision of banks' operation in foreign currency funding markets. (FSB 2009)

We commit to conduct robust, transparent stress tests as needed. (Pittsburgh)

Remarks

Jurisdictions should indicate the measures taken in the following areas:

- 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.

Jurisdictions should not provide any updates on the implementation of Basel III liquidity requirements (and other recent standards such as capital requirements for CCPs), since these are [monitored separately by the BCBS](#).

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

Progress to date
<p> <input type="radio"/> Not applicable <input type="radio"/> Applicable but no action envisaged at the moment <input type="radio"/> Implementation ongoing <input checked="" type="radio"/> Implementation completed as of 01.01.2015 & mid 90+ </p> <p>If "Not applicable" or "Applicable but no action envisaged..." has been selected, please provide a brief justification</p> <div style="background-color: #e0e0e0; height: 200px; width: 100%;"></div> <p>If "Implementation ongoing" has been selected, please specify</p> <p> <input type="radio"/> Draft in preparation, expected publication by [redacted] <input type="radio"/> Draft published as of [redacted] <input type="radio"/> Final rule or legislation approved and will come into force on [redacted] <input type="radio"/> Final rule (for part of the reform) in force since [redacted] </p>

I II III IV V VI VII. Enhancing risk management VIII IX X

16. Enhancing guidance to strengthen banks' risk management practices, including on liquidity and foreign currency funding risks

Progress to date	
<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)</p> <p>Short description of the content of the legislation/regulation/guideline/other actions</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.</p> <p>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 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>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

I II III IV V VI VII. Enhancing risk management VIII IX X

16. Enhancing guidance to strengthen banks' risk management practices, including on liquidity and foreign currency funding risks

Update and next steps	
<p>Highlight main developments since last year's survey</p> <p>Banco de Mexico has kept on developing a liquidity stress module in their stress testing methodology, at this point, assessing mainly potential liquidity shocks in the interbank market.</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. This System will also be applied to the popular finance entities and credit unions. The NSFR standard and the monitoring tools for liquidity management will be implemented soon. Banco de Mexico will keep developing the liquidity stress testing module of the stress testing framework.</p> <p>The policies and processes for taking, identifying, measuring, evaluating, monitoring, reporting and controlling or mitigating liquidity risk will be strengthened. This will be issued together with the NSFR implementation.</p>

Relevant web-links	
<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</p> <p>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%BAltiple.pdf</p> <p>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</p>

17. Enhanced risk disclosures by financial institutions

G20/FSB Recommendations

Financial institutions should provide enhanced risk disclosures in their reporting and disclose all losses on an ongoing basis, consistent with international best practice, as appropriate. (Washington)

We encourage further efforts by the public and private sector to enhance financial institutions' disclosures of the risks they face, including the ongoing work of the Enhanced Disclosure Task Force. (St. Petersburg)

Remarks

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.

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 accounting for expected credit losses \(Dec 2015\)](#).

In their responses, jurisdictions should not provide information on the implementation of Basel III Pillar 3 requirements, since this is [monitored separately](#) by the BCBS.

Progress to date

Not applicable
 Applicable but no action envisaged at the moment
 Implementation ongoing
 Implementation completed as of 01.01.2015

If "Not applicable" or "Applicable but no action envisaged..." has been selected, please provide a brief justification

If "Implementation ongoing" has been selected, please specify

Draft in preparation, expected publication by [redacted]
 Draft published as of [redacted]
 Final rule or legislation approved and will come into force on [redacted]
 Final rule (for part of the reform) in force since [redacted]

17. Enhanced risk disclosures by financial institutions

Progress to date	
<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) <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>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 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 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>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

17. Enhanced risk disclosures by financial institutions

Update and next steps	
<p>Highlight main developments since last year's survey</p> <p>As stated in recommendation 15, National Accounting Standards Setter of Mexico (CINIF) has issued financial reporting standards that converge with financial instruments' new requirements, included disclosures according to IFRS 7. Regarding the new accounting requirements for expected credit losses approach, contained in IFRS 9 and Mexican Financial Reporting Standards (MFRS) C-16, the CNBV is concluding the project to align with IFRS 9 the accounting and prudential frameworks for banks and regulated SOFOMES (regulated financial companies with multiple object), including IFRS9 disclosure standards related to provisioning and accounting, as well as capitalisation. In addition, the accounting standards for entities comprising a financial group, will be aligned with disclosure requirements contained in IFRS 7 and IFRS9. The whole drafts for consultation purpose will be published in brief.</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. • The tripartite regulation for financial groups drafted during 2016 was suspended to reflect the IFRS 9 effects, additionally to the topics originally included: prudential rules, accounting standards and financial statements. Tripartite rules are being jointly developed by the three regulators: CNBV, CNSF (Insurance and surety institutions) and CONSAR (Fund managers for pension funds). The CNBV, CNSF and CONSAR are expecting to issue in the last quarter of 2019 a final project of tripartite rules. The CNBV is almost closing the alignment project on recognition, measurement and disclosure standards for financial instruments and fair value for each financial entity under its supervision. The updated projects are expected to be issued during the second semester of 2019 and effective on 2021. • The CNBV will begin to align the accounting standards for those financial entities not authorized to become part of a financial group, such as credit unions and cooperative savings and loan companies.</p>

Relevant web-links	
<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>

18. Strengthening of national deposit insurance arrangements

G20/FSB Recommendations

National deposit insurance arrangements should be reviewed against the agreed international principles, and authorities should strengthen arrangements where needed. (Rec. VI.9, FSF 2008)

Remarks

Jurisdictions that have not yet adopted an explicit national deposit insurance system should describe their plans to introduce such a system.

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).

In addition, jurisdictions should indicate if they have carried out a self-assessment of compliance (based on IADI's 2016 [Handbook](#)) with the revised Core Principles:

- 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.

Progress to date

Not applicable
 Applicable but no action envisaged at the moment
 Implementation ongoing
 Implementation completed as of 10.01.2014

If "Not applicable" or "Applicable but no action envisaged..." has been selected, please provide a brief justification

If "Implementation ongoing" has been selected, please specify

Draft in preparation, expected publication by [redacted]
 Draft published as of [redacted]
 Final rule or legislation approved and will come into force on [redacted]
 Final rule (for part of the reform) in force since [redacted]

18. Strengthening of national deposit insurance arrangements

Progress to date	
<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) <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>The 2014 Financial Reform improved the framework for banking resolution processes, the early warnings regime and the preventive and corrective measures; provisions for mandatory stress-tests, recovery and resolution plans were introduced; 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. Since then, IPAB has issued 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 for 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 process for the Transfer of Assets and Liabilities (established in Art 194 of the LIC). - The process for calculating the deposit insurance fees regularly paid by banks to 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). - - Minimum content and programming of Bank Resolution Plans (as established in Art 120 of the LIC). - The classification of banks' assets (overdue balance) and liabilities (insured deposits) for set-off of insured deposits (as established in Art 124 of the LIC). - The elements to be included in the technical study to determine the appropriate resolution mechanism for a failed bank (as referred to in Art 187 of the LIC). <p>Other actions: Financial Sector Assessment Program (FSAP) detailed assessment on compliance with the IADI Core Principles for Effective Deposit Insurance Systems.</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

18. Strengthening of national deposit insurance arrangements

Update and next steps

Highlight main developments since last year's survey

IPAB has developed a plan for implementation of improvements and innovation derived from the Financial Sector Assessment Program (FSAP) recommendations. However, it is important to note that the implementation of several of these recommendations fall outside the scope and powers of IPAB and may require legislative changes and/or public policy changes for the federal government.

According to the findings of the detailed assessment of compliance with the IADI Core Principles, the deposit insurance system managed by IPAB broadly conforms to best international practice, but there are a number of important topics 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 and slow accumulation of the ex-ante resolution fund resulting from diverting 75% of fees to payment of the legacy debt. Main recommendations derived from the IMF Financial System Stability Assessment (FSSA) and specifically from the evaluation of compliance with the IADI Core Principles 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; +

Planned actions (if any) and expected commencement date

- IPAB will continue with its participation and attendance to the Crisis Management Group and Resolution Colleges; in addition to promoting collaboration agreements that serve as a tool in case of a possible bank resolution in Mexico.
- IPAB will roll out improvements from its action plan over the next year.
- IPAB is working on a proposal for second-generation reforms as a result of issues identified during of the 2014 Financial Reform; however, there is no specific date for seeking congressional approval at this time.

Relevant web-links

Web-links to relevant documents

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>

19. Enhancing market integrity and efficiency

G20/FSB Recommendations

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)

Remarks

Jurisdictions should indicate whether high frequency trading and dark pools exist in their national markets.

Jurisdictions should indicate the progress made in implementing the recommendations:

- in relation to dark liquidity, as set out in the IOSCO [Report on Principles for Dark Liquidity \(May 2011\)](#).
- on the impact of technological change in the IOSCO [Report on Regulatory Issues Raised by the Impact of Technological Changes on Market Integrity and Efficiency \(Oct 2011\)](#).
- on market structure made in the IOSCO Report on [Regulatory issues raised by changes in market structure \(Dec 2013\)](#).

Progress to date	
<input type="radio"/> Not applicable <input type="radio"/> Applicable but no action envisaged at the moment <input type="radio"/> Implementation ongoing <input checked="" type="radio"/> Implementation completed as of	<div style="border: 1px solid gray; width: 100px; height: 20px; margin-left: 100px; background-color: #e0e0e0;">10.09.2010</div>
<p>If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification</p> <div style="background-color: #e0e0e0; height: 200px; width: 100%;"></div>	
<p>If “Implementation ongoing” has been selected, please specify</p> <input type="radio"/> Draft in preparation, expected publication by <div style="background-color: #e0e0e0; width: 100px; height: 15px; display: inline-block;"></div> <input type="radio"/> Draft published as of <div style="background-color: #e0e0e0; width: 100px; height: 15px; display: inline-block;"></div> <input type="radio"/> Final rule or legislation approved and will come into force on <div style="background-color: #e0e0e0; width: 100px; height: 15px; display: inline-block;"></div> <input type="radio"/> Final rule (for part of the reform) in force since <div style="background-color: #e0e0e0; width: 100px; height: 15px; display: inline-block;"></div>	

19. Enhancing market integrity and efficiency

Progress to date	
<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) <p>Short description of the content of the legislation/regulation/guideline/other actions</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. Other actions: 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 procedures for dealing with technological changes, trading errors (fat fingers for example), and pre-trade checks. IPAB has concluded the negotiation of a collaboration agreement with the Single Resolution Board of the European Banking Union (SRB) in order to ensure closer collaboration between resolution authorities for those banks whose home authority is the SRB and whose host authority is IPAB.</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

19. Enhancing market integrity and efficiency

Update and next steps	
<p>Highlight main developments since last year's survey</p> <p>No modifications were made to the existing framework during the last year.</p>	<p>Planned actions (if any) and expected commencement date</p> <p>To date there are no further actions envisaged.-</p>

Relevant web-links	
<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>

20. Regulation and supervision of commodity markets

G20/FSB Recommendations

We need to ensure enhanced market transparency, both on cash and financial commodity markets, including OTC, and achieve appropriate regulation and supervision of participants in these markets. Market regulators and authorities should be granted effective intervention powers to address disorderly markets and prevent market abuses. In particular, market regulators should have, and use formal position management powers, including the power to set ex-ante position limits, particularly in the delivery month where appropriate, among other powers of intervention. We call on IOSCO to report on the implementation of its recommendations by the end of 2012. (Cannes)

We also call on Finance ministers to monitor on a regular basis the proper implementation of IOSCO's principles for the regulation and supervision on commodity derivatives markets and encourage broader publishing and unrestricted access to aggregated open interest data. (St. Petersburg)

Remarks

Jurisdictions should indicate whether commodity markets of any type exist in their national markets.

Jurisdictions should indicate the policy measures taken to implement the principles found in IOSCO's report on [Principles for the Regulation and Supervision of Commodity Derivatives Markets \(Sep 2011\)](#).

Jurisdictions, in responding to this recommendation, may also make use of the responses contained in the [update to the survey](#) published by IOSCO in September 2014 on the principles for the regulation and supervision of commodity derivatives markets.

Progress to date

- Not applicable**
- Applicable but no action envisaged at the moment**
- Implementation ongoing**
- Implementation completed as of** [redacted]

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

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 and its underlying assets is a derivative contract traded in another market. This Contract is scarcely traded.

If “Implementation ongoing” has been selected, please specify

- Draft in preparation, expected publication by [redacted]
- Draft published as of [redacted]
- Final rule or legislation approved and will come into force on [redacted]
- Final rule (for part of the reform) in force since [redacted]

20. Regulation and supervision of commodity markets


Progress to date	
<p>Issue is being addressed through</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation / Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions)</p> <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <div style="background-color: #cccccc; height: 400px; width: 100%;"></div>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p> <div style="background-color: #cccccc; height: 300px; width: 100%;"></div>

20. Regulation and supervision of commodity markets

Update and next steps

<p>Highlight main developments since last year's survey</p> 	<p>Planned actions (if any) and expected commencement date</p> <p>To date there are no further actions envisaged.</p> 
--------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Relevant web-links

<p>Web-links to relevant documents</p>	
-----------------------------------------------	--------------------------------------------------------------------------------------

21. Reform of financial benchmarks

G20/FSB Recommendations

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 ongoing reporting of progress in this area by the FSB Official Sector Steering Group, and ongoing IOSCO work to review the implementation of the IOSCO Principles for Financial Benchmarks.

22. Enhancing financial consumer protection

G20/FSB Recommendations

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)

Remarks

Jurisdictions should describe progress toward implementation of the OECD’s [G-20 high-level principles on financial consumer protection \(Oct 2011\)](#).

Jurisdictions may refer to OECD’s [September 2013 and September 2014 reports](#) on effective approaches to support the implementation of the High-level Principles as well as the [G20/OECD Policy Guidance on Financial Consumer Protection in the Digital Age](#), which provides additional effective approaches for operating in a digital environment. 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. In the case of private pensions, additional guidance can be found in the [Good Practices on the Role of Pension Supervisory Authorities in Consumer Protection Related to Private Pension Systems](#)

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.

Progress to date	
<input type="radio"/> Not applicable <input type="radio"/> Applicable but no action envisaged at the moment <input type="radio"/> Implementation ongoing <input checked="" type="radio"/> Implementation completed as of	<div style="border: 1px solid gray; background-color: #e0e0e0; padding: 5px; width: 100px; display: inline-block;">10.01.2014</div>
<p>If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification</p> <div style="background-color: #e0e0e0; height: 200px; width: 100%;"></div>	
<p>If “Implementation ongoing” has been selected, please specify</p> <input type="radio"/> Draft in preparation, expected publication by <div style="background-color: #e0e0e0; width: 100px; height: 15px; display: inline-block;"></div> <input type="radio"/> Draft published as of <div style="background-color: #e0e0e0; width: 100px; height: 15px; display: inline-block;"></div> <input type="radio"/> Final rule or legislation approved and will come into force on <div style="background-color: #e0e0e0; width: 100px; height: 15px; display: inline-block;"></div> <input type="radio"/> Final rule (for part of the reform) in force since <div style="background-color: #e0e0e0; width: 100px; height: 15px; display: inline-block;"></div>	

22. Enhancing financial consumer protection

Progress to date	
<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) <p>Short description of the content of the legislation/regulation/guideline/other actions</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 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: Suitability requirements for personal advice or asset management discretionary accounts.</p> <p>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 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>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

22. Enhancing financial consumer protection

Update and next steps	
<p>Highlight main developments since last year's survey</p> <p>No modifications were made to the existing framework during the last year (as of June 2019).</p>	<p>Planned actions (if any) and expected commencement date</p> <p>To date there are no further actions envisaged.</p>

Relevant web-links	
Web-links to relevant documents	<p>Investment Funds Law (LFI, for its acronym in Spanish) http://www.cnbv.gob.mx/Normatividad/Ley%20de%20Fondos%20de%20Inversi%C3%B3n.pdf</p> <p>Provisions for Investment Funds (CUFI, for its acronym in Spanish) https://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20car%C3%A1cter%20general%20aplicables%20a%20los%20Fondos%20de%20Inversi%C3%B3n%20y%20a%20las%20personas%20que%20les%20prestan%20servicios.pdf</p> <p>Provisions for Investment Services http://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20car%C3%A1cter%20general%20aplicables%20a%20las%20entidades%20del%20sistema%20financiero.pdf</p>

I	II	III	IV	V	VI	VII	VIII	IX	X
---	----	-----	----	---	----	-----	------	----	---

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
 CCyB: Countercyclical Capital Buffer
 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
 CRAs: 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 al Ahorro Bancario - Banking Savings Deposit Institute
 LEI: Legal Entity Identifier
 IR: Institutional Report
 KPIs: Key Performance Indicators



Sources of recommendations

- [Buenos Aires: G20 Leaders' Communique \(27 November 2018\)](#)
- [Hamburg: G20 Leaders' Communique \(7-8 July 2017\)](#)
- [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 \(1 November 2012\)](#)