2021 IMN Survey of National/Regional Progress in the Implementation of G20/FSB Recommendations

Jurisdiction
Mexico

I1: Hedge funds - 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 2021 survey.

I2: Hedge funds - 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:
Implementation completed

Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification

Progress to date: please provide a date for your "implementation ongoing" status

Progress to date: If you have selected "Implementation completed" - please provide date of implementation
10.01.2014

Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes Regulation / Guidelines - No Other actions (such as supervisory actions) - No

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
Following the Mexican Financial Reform enacted in January 2014, the Securities Markets 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 to respond to requests of information made by such foreign authorities. For this purpose, the authorities should have an arrangement with the applicable foreign financial authority for the sharing of information, in which the principle of reciprocity is considered. The CNBV became a signatory to the IOSCO MMoU on 14 March 2003. In addition, the Commission has entered into memoranda of understanding with several European financial authorities under the Alternative Investment Fund Managers Directive.

Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Update and next steps: highlight main developments since 2019 survey

Update and next steps: planned actions (if any) and expected commencement date
CNBV continuously assesses its information-sharing agreement framework with foreign authorities.

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

I3: Hedge funds - 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 2021 survey.

II4: Securitisation - 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 2021 survey.

II5: Securitisation -Strengthening supervisory, 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:
Implementation completed

Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification

Progress to date: please provide a date for your “implementation ongoing” status

Progress to date: If you have selected “Implementation completed” - please provide date of implementation
01.12.2010

Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes Regulation / Guidelines - No Other actions (such as supervisory actions) - No

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
According to the LMV, financial entities shall be responsible for the information to consumers for which they have a Financial Product Analysis Committee, responsible for authorizing all information disseminated to customers. This committee, in turn, is in charge of the analysis of financial products that will be offered under the protection of investment advisory services, such as investment management, and generalized recommendations. In advisory services, financial products must, among others, be analyzed 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 generalized recommendations 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 as well as the underlying assets or components on which the cash flows associated with the security depend); that is, they must know properly the financial products they offer, in order to determine the type of clients to whom they are suitable. Equity and debt funds may invest in structured products as long as these securities are: - Aligned to the type of fund and set in their investment regime. - In the 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 funds investment regime.

Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Update and next steps: highlight main developments since 2019 survey

Update and next steps: planned actions (if any) and expected commencement date
To date, there are no further actions envisaged.

Relevant web-links: please provide web-links to relevant documents
-LMV: https://www.cnbv.gob.mx/Normatividad/Ley%20del%20Mercado%20de%20Valores.pdf -LFI: http://www.cnbv.gob.mx/Normatividad/Ley%20de%20Fondos%20de%20Inversi%C3%B3n.pdf - Provisions for Investment Funds (by its acronym in Spanish CUFI): 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 - Provisions for Investment Services Providers (by its acronym in Spanish DPV): 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

II6: Securitisation - 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:
Implementation completed

Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification

Progress to date: please provide a date for your "implementation ongoing" status

Progress to date: If you have selected "Implementation completed" - please provide date of implementation
01.10.2015

Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes Regulation / Guidelines - No Other actions (such as supervisory actions) - No

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
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.

Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Update and next steps: highlight main developments since 2019 survey
The CNBV previously stated that it 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, but the pandemic outbreak has changed the regulatory priorities.

Update and next steps: planned actions (if any) and expected commencement date
Derived from the COVID-19 pandemic to date, there are no further actions envisaged.

Relevant web-links: please provide web-links to relevant documents
- LMV: http://www.cnbv.gob.mx/Normatividad/Ley%20del%20Mercado%20de%20Valores.pdf - Provisions for Publicly Listed companies (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 - Banking Provisions (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

III7: Enhancing supervision - 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

- *Holistic Framework for the Assessment and Mitigation of Systemic Risk in the Insurance Sector (Nov 2019)*
- *Application Paper on Liquidity Risk Management (Jun 2020)*
- *Draft Application Paper on Macroprudential Supervision (Mar 2021)*

FSB

- *Evaluation of the effects of too-big-to-fail reforms (Mar 2021)*
- Framework for addressing SIFIs (Nov 2011)

Progress to date:
Implementation completed

Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification

Progress to date: please provide a date for your “implementation ongoing” status

Progress to date: If you have selected “Implementation completed” - please provide date of implementation
30.04.2016

Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes Regulation / Guidelines - No Other actions (such as supervisory actions) - No

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
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 is acronym in Spanish) was amended, and the CESF was established in Law. The Financial Reform vested the CNBV with new powers to increase its supervision and regulation capabilities and, in particular, 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.

Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Update and next steps: highlight main developments since 2019 survey

Update and next steps: planned actions (if any) and expected commencement date
To date, there are no further actions envisaged.

Relevant web-links: please provide web-links to relevant documents
-CUB: http://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20car%C3%A1cter%20general%20aplicables%20a%20las%20instituciones%20de%20cr%C3%A9dito.pdf -List of Domestic Systemically Important Banks (D-SIBs or DSIBs): May 2016: http://www.cnbv.gob.mx/SECTORES-SUPERVISADOS/BANCA-MULTIPLE/Prensa%20%20Sector%20Bancario/Comunicado%20de%20Prensa%2032-2016.pdf - List of D-SIBs, Dec 2016: http://www.cnbv.gob.mx/SECTORES-SUPERVISADOS/BANCA-MULTIPLE/Prensa%20%20Sector%20Bancario/Comunicado%20de%20Prensa%20104-2016.pdf - List of D-SIBs, May 2017: https://www.gob.mx/cms/uploads/attachment/file/209731/Comunicado_Prensa_32-2017.pdf - List of D-SIBs, Dec 2017: https://www.cnbv.gob.mx/PRENSA/Prensa%20%20Otros/Comunicado%20de%20Prensa%20047%20Instituciones%20de%20importancia%20sist%C3%A9mica%20dic%2017.pdf -CESF, Dec 2018: http://www.cesf.gob.mx/es/CESF/home -LRAF: http://www.cnbv.gob.mx/Normatividad/Ley%20para%20Regular%20las%20Agrupaciones%20Financieras.pdf -Report on the Mexican financial system (BANXICO, 2016): http://www.banxico.org.mx/publicaciones-y-discursos/publicaciones/informes-periodicos/reporte-sf/%7B14D26AD1-8933-0713-B7D6-59CBBC13ECEA%7D.pdf

III8: Enhancing supervision - 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.

III9: Enhancing supervision - 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:
Implementation completed

Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification

Progress to date: please provide a date for your “implementation ongoing” status

Progress to date: If you have selected “Implementation completed” - please provide date of implementation
10.01.2014

Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes Regulation / Guidelines - Yes Other actions (such as supervisory actions) - No

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
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 to any information as it is deemed necessary to respond to requests of information made by such foreign authorities. For this purpose, the Mexican financial authorities should have in place MoUs to share 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 to properly communicate and coordinate with its foreign counterparts, both, during business-as-usual and in times of crisis. The Commission has international solid cooperation policies with foreign financial authorities, including MoUs (for sharing 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.

Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Update and next steps: highlight main developments since 2019 survey

Update and next steps: planned actions (if any) and expected commencement date
The MFAs continuously assess the information-sharing agreement framework with foreign authorities. IPAB will continue ensuring the collaboration arrangement with all foreign resolution home authorities for local banks considered domestically systemic entities.

Relevant web-links: please provide web-links to relevant documents
-Banking Law (LIC, for its acronym in Spanish): http://www.diputados.gob.mx/LeyesBiblio/pdf/43_200521.pdf

III10: Enhancing supervision - 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:
Implementation completed

Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification

Progress to date: please provide a date for your "implementation ongoing" status

Progress to date: If you have selected "Implementation completed" - please provide date of implementation
12.12.2017

Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes Regulation / Guidelines - Yes Other actions (such as supervisory actions) - Yes

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
The CNBV has clearly defined its supervisory strategy and priorities, through the following processes, activities and actions: -Recommendation 1 - CNBVs 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 CNBVs Strategic Plan and supervisory goals, and priorities are set forth in the Annual Supervision Plan (PAS, for its acronym in Spanish), specifying the entities, as well as the scope (including the participation of specialized supervisory departments). 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 PAS is annually presented to CNBVs Board, prior to its implementation. - Also, CNBVs 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. It is important to note that since 2020 and through 2021, the CNBV has been working together with other financial authorities (IPAB, BANXICO and CONDUSEF) to improve the risk-based supervision methodology to add the approach of the other authorities and to make a better and more complex risk-based matrix. - 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). - 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. 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. - To reinforce the establishment of supervisory strategies, external auditors of firms are accountable to the CNBV, this means they are also supervised, resulting in their improvement regarding the revisions of the firms. Thus, input from external auditors constitutes a useful and efficient tool for the supervisory strategies; the CNBV makes full use of its powers to direct revisions of external auditors; the regulations that allows it is the Provisions for CNBV's Supervised Entities Supervised that contract External Auditors' services (CUAE, for its acronym in Spanish). It should be noted that during the months of the health contingency, the CNBV preventively relaxed the regulation, granting facilities mainly in terms of credit, liquidity and capitalization, to prevent the entities of the financial system from presenting any contingency in their financial situation, in their solvency or in their liquidity. With regard to these facilities, the CNBV has followed up on their correct implementation, through the specific surveillance and reinforced surveillance carried out on the entities. -Recommendation 2 - In order to maintain a close communication with banks, CNBV carried out the following actions: - To ensure proper communication with banks about any relevant vulnerability identified, CNBV informs the financial entitys Board and its senior management directors about relevant findings, recommendations and other issues through official communication channels. Its purpose is to maintain a dialogue with the board level and foster the follow-up on those issues. - Also, during and at the end of an on-site visit, and currently derived from the pandemic in an off-site manner, CNBV supervisory teams meet with senior management to communicate the results of inspection, preliminary findings and recommendations, as well as any relevant supervisory concern. - Supervisors can also meet Board members and senior management to express their concerns on certain relevant transactions that can potentially impact the risk profile of the financial institution or its financial condition. - Since the COVID-19 pandemic started, CNBV has maintained regular calls with the senior officers of Domestic Systemically Important Banks, and other institutions that are considered vulnerable due to the economic situation that the pandemic has caused. The main topics discussed in such calls are regarding the institutions' BCP implementation, Liquidity and Capital levels, Credit performance and internal controls regarding Fraud. In that matter, the CNBV is closely monitoring the evolution of the portfolios as well as the capital and liquidity levels. It has been very helpful to have such a close collaboration with the entities as we are aware of their plans, and their concerns. For banks that are detected to have weaknesses in Capitalization or Liquidity, they are requested to send the previous results of these indicators on a daily basis so that they can be analysed and thus detect any risk in a timely manner. Additionally, derived from the COVID-19 pandemic, in 2020 the CNBV to continue with the reviews considered within the Annual Supervision Plan, developed the scheme of Enhanced Specific Surveillance, in Spanish Vigilancia Reforzada Especifica, VRE for its acronym in Spanish) which are off-site reviews. Likewise, during 2021, this visit scheme has continued through the VRE format. Besides that, entities hold a periodic meetings and conferences call with CNBVs supervisory teams to discuss the main findings, its financial condition, and budget performance. - Using formal communication channels, IPAB informs to senior management of commercial banks of all findings and recommendations from on-site visits. As a regular internal procedure, IPAB holds meetings with senior management to ensure a clear communication of objectives and priorities of reviews and data requests. In addition, internal procedures and regulations estipulate time limits and indicators to ensure that there is timely communication, feedback, and monitoring of agreed corrective measures for these findings and recommendations. -Recommendation 3 - With the specific objective of enhancing and assuring the quality and opportunity of information that banks generate (for supervisory/regulatory requisite or for internal use), the CNBV and banking institutions established working groups to reinforce its Management Information System (MIS) areas, and consequently, the robustness and accuracy of the data. - The criteria to define the priority for inspection visits or VRE are based on the results of the regular assessment made by CNBVs

analysis division, that is quarterly disclosed, in order to have banks improving their IT and MIS processes. - Also, during on-site inspections, supervisors assess the integrity, confidentiality and availability of information, aiming to identify or prevent deficiencies resulting from lack of automation, weak systems integration, and lack of controls to assure data integrity along the processes. Hence, corrective actions are instructed, aiming to foster automation over these processes, establish data integrity controls and ensure continuity of the processes. - By means of its surveillance activities, IPAB reviews and evaluates the data building capabilities of commercial banks, through off-site reviews and on-site inspections. These include monthly appraisals on the data on calculations of fees contributed to the savings protection fund. It is worth noting that each and every on-site visit performed by IPAB evaluates the capacity of commercial banks to produce data on identification of depositors to be reimbursed in case of a bank failure, in terms of their veracity, opportunity and quality. Additionally, in terms of the information used for resolution planning activities, the IPAB, as the authority with legal competence to develop resolution plans for all commercial banks operating in Mexico, obtains information from the assessed bank as follows: i. IPAB identifies and analyses the information it holds on the bank; ii. If necessary, IPAB may request other Mexican financial authorities, members of the Financial Safety Net, for information that is not in IPAB's possession, according to their respective mandates and their interaction with commercial banks. According to article 97 of the LIC, the Mexican financial authorities may share among themselves confidential information collected from banks according to their scope of competence, to safeguard the financial stability and promote the better performance of their duties. Thus BANXICO, SHCP and CNBV, among other Mexican financial authorities, may provide IPAB with the necessary information in their possession for the development of resolution plans. IPAB and the other financial authorities must have signed cooperation agreements to exchange the information in their possession to support the requirements of each authority. It is through these agreements that IPAB has access to the same periodical information submitted by banks to the supervisor and the central bank, to be able to make its own analysis, with a deposit insurance/resolution authority perspective; iii. In order to develop resolution plans IPAB may request, at any time, from commercial banks any information in their possession or in the possession of the same corporate group, and may perform on-site inspection visits to verify such information.

-Recommendation 4 - Mexican regulation provides the obligation for banks to submit information, with the periodicity according to the type of information, i.e. monthly, quarterly, bi-annually, and or annually: - Accounting information (financial statements) must be submitted by the 20th of each month. - Housing loans information must be submitted within the first 12 days of the following month. - Commercial loans information, by the 10th day of the following month. - Operational information, the last day of the following month. - Detailed information of the credit portfolio must be submitted by the 12th day or the 20th day of the next month. - Foreclosed assets and taxes, at the end of the following month. At the beginning of the Financial Year, entities are requested to submit monthly information on the agreements of their shareholders and main governing bodies, also regarding the updates of the manuals used for their operation, as well as a greater detail and description of the most significant operations of their financial information, as a complement to the information that is required to be sent in accordance with the applicable regulations. - Also, the following reports/analyses are produced based on information received from financial entities: - Risk rating matrix (in Spanish: Calificación de Entidades Financieras con Enfoque de Riesgos, CEFER): since Nov. 2015, the CNBV introduced an improved risk assessment process for entities, which includes the following elements: inherent risk, risk mitigants, and supplemental elements. Inherent risks are obtained from information reported by institutions, and mitigants are assessed from on-site supervision and the follow-up of corrective actions. - Institutional report: Provides a detailed view of banks financial condition i.e. financial indicators and comparative information; supervisory strategy and main concerns; risk rating; analysis of relevant topics. - Tarjeta Oportuna: Monthly bulletin with updated financial information on commercial banks, development banks and brokerage firms. - Risk analysis reports: the CNBV provides methodologies to calculate credit risk indicators such as probability of default, loss given default, exposure at default and others. This is calculated on a loan-by-loan basis and is used to determine loan-losses provisions, on a 12-month forward-looking basis. - Vintage analysis. This analysis shows how monthly composition loans allocation performance in order to see a possible loan policy relaxation; The risk rating matrix, the institutional report, the Tarjeta Oportuna, the risk analysis reports and the vintage analysis are incorporated in the Annual Supervision Program (PAS, for its acronym in Spanish), a tool which includes and has a wider arrange of supervisory actions than the PAV, as a result the scope of corrective actions imposed by the CNBV has widened. - Regarding the cross-border cooperation agreements, CNBV has periodic meetings and conference calls with other supervisory authorities, to coordinate supervisory agendas, and to share supervisory overviews of financial groups that have relevant subsidiaries within Mexican jurisdiction. In addition, the CNBV carried out on-site inspections with other authorities to strength the supervision of the entities; in those cases, the Mexican financial authorities coordinate the data collection efforts, to reduce unnecessary duplication of requirements. - The Mexican Financial Authorities have engaged into periodic information-sharing agreements with other members of the Mexican Financial Safety Net and regularly uses information obtained from other financial authorities to monitor and assess the financial situation of commercial banks, to avoid data requirements that would duplicate the regulatory burden on commercial banks. In addition, all new requirements, and modifications in terms of regulatory reports are previously consulted and developed in cooperation with the Association of Banks of Mexico (ABM) and with other Mexican financial authorities.

-Recommendation 7 - CNBV carries out an Annual Training Program, which comprised several general programs and a series of specific activities. Every year a considerable number of CNBVs officers are trained. - IPAB has developed an internal training and talent retention program, subject to all Federal Government personnel regulations and procedures.
Considering the COVID-19 pandemic, the CNBV has modified its day-to-day activities to transform them into remote activities including information delivery, meetings and employee training.

Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Update and next steps: highlight main developments since 2019 survey
-Recommendation 1. As part of the development of Annual Supervisory Plan for 2021 (PAS 2021), the CNBV has taken actions to adapt supervision to operational restrictions due to COVID-19, to respond to supervisory challenges and achieve an intrusive, focused and risk based supervision, responsive to emerging vulnerabilities and heightened risks in the financial system. In PAS 2021, CNBV specifies different intervention levels, considering its inspection and surveillance powers, according to the financial entities' risk levels, their systemic importance, their size in terms of assets, as well as on-site inspection restrictions, among others. These aiming at optimizing the allocation of resources in on-site and offsite supervision, as well as to undertake reinforced surveillance activities and intensive monitoring of key financial and operational indicators and a strong communication with supervised entities to understand their main vulnerabilities and changes in risk appetite. In addition, as a result of COVID-19 and its effects, some risks have emerged and others heightened, as well as risk tolerance, so CNBV has reviewed its supervisory priorities to respond accordingly, and for focusing its supervision to address and monitor the foremost vulnerabilities and changes in risk profile of supervised entities. The CNBVs supervisory strategy specifies the following four levels of intervention, with differentiated scope and depth: 1.Ordinary inspections (on-site supervision). These visits are based on article 6 of CNBV´s supervision rules, and have been considered for PAS 2021, for specific reviews that need to be held on-site, considering safe distance measures and general operational restrictions for on-site supervision due to COVID-19. 2.Special inspection visits. These visits are based on article 8 of the CNBV´s supervision rules and are not programmed on an annual basis. These visits allow to meet the needs for supervisory flexibility and are carried out to examine special operational situations, changes in the situation of the entities, acts or omissions in entities, as well as to review the operational situation and processes of new authorized entities before they start operations. 3.Specific Reinforced Surveillance. Comprises the review of processes and controls of selected supervised entities, by applying CNBV's supervisory procedures and tasks, through the analysis of information requests. 4.Generic Enhanced Surveillance. Actions directed to analyze the general situation of financial entities through continuous and intensive monitoring of financial and operational indicators, from regulatory reporting data and information requests. It also entails close communication with financial entities periodically to understand changes in risk profile and main vulnerabilities. Therefore, PAS 2021 comprises ordinary inspections and specific reinforced surveillance specific reviews, which are scheduled in advance on an annual basis. Special and investigation inspections are not scheduled beforehand, as they provide flexibility to supervisory action and respond to specific situations detailed in CNBV´s supervision regulation. The type of supervision (inspection or specific reinforced surveillance) reviews to be held in 2021 for individual supervised entities was defined considering operational restrictions for on-site supervision, supervisory needs and the scope established in CNBV's supervision rules for each supervision modality (on-site inspections or external reviews through information requests). For selecting supervised entities subject to on-site inspections or specific reinforced surveillance, supervisory departments define and update annually the selection criteria, differentiating them by sector, considering, among other elements, the following: 1.Level of risk or changes in the risk profile of supervised entities. 2.Size of entities in terms of assets. 3.Systemic importance of supervised entities. 4.Entities that have not been subject to on-site reviews recently. 5.Follow-up to dictated corrective actions. 6.Entities with specific problems. 7.Entities with higher share of loans under support programs-special accounting criteria (CCE/SAC). 8.A prospective indicator of capitalization rate (ICAP) based on changes on net capital projections and risk assets. 9.Group analysis based on segmentation methodologies which consider financial and operational indicators (surveillance analysis), compliance levels and degree of operations. Relevant failures in corporate governance and / or significant deficiencies in controls, among others. In the current context, the most critical supervision activities are focused on monitoring and maintaining the financial soundness of systemic entities, guaranteeing operational continuity, and maintaining compliance levels in activities such as money laundering. For 2021 CNBV has defined as main priority supervisory topics the following: credit, solvency, liquidity, operational continuity, and operational risk and AML/CFT (Anti-Money Laundering/Combating the Financing of Terrorism). CNBV applies standardized risk-based procedures to conduct supervisory reviews, aiming to identify the main causes of findings and analyse systems, processes, and control mechanisms of financial entities. Through the application of risk- based procedures, CNBV assess the entities' risk mitigants, mainly in the following topics: risk management, internal control, corporate governance and management and internal audit. CNBV´s procedures are grouped as follows: • Start of operations procedures. They are used to verify that the operating systems of new authorised entities are reasonably functional to start operations. •On-site supervision procedures: they are used for inspection visits. The scope of the reviews and tasks that are developed depend on the planning process, the main areas of interest according to the entity's' risk profile and supervision faculties. Some of the main topics are credit portfolio, capital, current assets, bank deposits, trusts, derivatives, guarantees, external auditors, capital adequacy, related parties, among others. •Anti-money laundering. These procedures consist of specialized supervision in order to verify the functionality of systems for prevention and detection of AML/CFT, as well as compliance with standards. •Technological and operational risk. On-site and off-site supervision reviews to systems and procedures to assess technological and operational risk of entities. •Financial Crimes and fraud. Specialized procedures conducted to prevent or detect eventual damage or losses in clients'

assets as a result of financial fraud.

Update and next steps: planned actions (if any) and expected commencement date

Relevant web-links: please provide 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 - Commission for Pension Funds, by its acronym in Spanish: CONSAR, guidelines for Pension Funds Managers, by its acronym in Spanish: AFORE and Retirement Funds Investment Companies, by its acronym in Spanish: SIEFORE: Guidelines: https://www.gob.mx/consar/documentos/normativa-normatividad-emitida-por-la-consar-circulares-consar-23509 -General Provisions Regarding Savings System Operations for the Retreat: https://www.gob.mx/cms/uploads/attachment/file/649055/DISPOSICIONES_EN_MATERIA_DE_OPERACIONES_COMPILACIO_N_nueva_20210629.pdf - CONSAR guidelines for Fintech: https://www.gob.mx/cms/uploads/attachment/file/446645/DISPOSICIONES_MODELOS_NOVEDODOS_20190311.pdf -CUAE: https://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20carácter%20general%20aplicables%20a%20las%20entidades%20y%20emisoras%20supervisadas%20por%20la%20Comisión%20Nacional%20Bancaria%20y%20de%20Valores%20que%20contraten%20servicios%20de%20auditoría%20externa%20de%20estados%20financieros%20básicos.pdf

IV11: Macroprudential frameworks and tools - Establishing oversight regulatory framework

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:
Implementation completed

Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification

Progress to date: please provide a date for your “implementation ongoing” status

Progress to date: If you have selected “Implementation completed” - please provide date of implementation
10.01.2014

Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes Regulation / Guidelines - No Other actions (such as supervisory actions) - No

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
There is no specific macroprudential authority in Mexico but rather an interagency body for financial stability/macroprudential matters: The 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 authoritys mandate and through domestic coordination mechanisms that are in place for this purpose. 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, 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. In terms of the shadow banking sector, (currently known ashes 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 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 report credit information to at least one Credit Information Bureau (for the sake of enhancing creditor risk analysis and financial users’ conduct, improve transparency and reduce information asymmetries). Fifth, the reform improved financial authorities’ regulatory powers to require information from non-regulated Sofomes in case it is deemed necessary (CONDUSEF currently collects loan portfolio information on a quarterly basis for individual non-regulated Sofomes for statistical purposes). Mexico has continued to actively participate FSB-SCAV annual Shadow Banking Monitoring Exercise. Mexico has stepped up the monitoring of the sector with the focus of promptly identifying systemic risks concerns. For this purpose, authorities collect various data and analyse it to design policy action from authorities. In addition, given the low interest rates in advanced economies and the search for yield by investors, some non-financial corporates increased significantly their leverage by issuing debt in international markets taking advantage of the relatively lower borrowing costs. This situation led authorities to enhance surveillance of the sectors’ financial risks and vulnerabilities since 2015. The main financial vulnerabilities analysed on a quarterly basis for the sector were FX risk, refinancing risk, and debt service capacity. This surveillance has been possible due to authorities´ coordination on the analysis and on follow-up meetings with firms deemed vulnerable, with a focus on taking stock of firms’ remedial actions to address specific vulnerabilities. The analysis and results are informed to CESF members on a quarterly basis. Banco de Mexico is also actively monitoring the performance of fixed income investment funds, including the composition of their portfolios, their price movements, the volume of redemptions, etc. Regarding the Legal Entity Identifier, now all resident financial institutions, subject to the regulation of Banco de Mexico on derivative transactions (banks, brokerage houses, investment funds, and regulated non-bank banks) should report their derivative operations on Banco de Mexico’s template for derivatives reporting, using their current LEI (Legal Entity Identifier) code and a current code for their counterparties. In addition, rules clearly state requirements to become a resident Local Operating Unit (LOU) as recognized by Banco de Mexico (confirm the obligation of the party and counterparty to have a current LEI code to celebrate certain financial transactions). Moreover, resident financial institutions are subject to the regulation of Banco de Mexico on derivative transactions (banks, brokerage houses, investment funds, and regulated non-bank banks) and should report their derivative operations on Banco de Mexico template using their current LEI code. Under these rules, financial institutions must also declare a current code for their counterparties according with the following schedule: • Regulated institutions must obtain and report their LEI since June 1st, 2018. • Regulated institutions must report the LEI of domestic and international counterparties on derivative transactions that are financial entities since August 1st, 2018. • Regulated institutions must report the LEI of resident non-financial counterparties other than natural persons, with an outstanding balance on derivative transactions higher than 35 million UDIs (inflation indexed investment unit), approximately 11 million USD, since September 3, 2018.

Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Update and next steps: highlight main developments since 2019 survey
The CESF, 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 (Jun 29, 2021) 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). The TLAC (Total Loss-Absorbing Capacity) regulation was issued on June 7, 2021, published in the Official Gazette of the Federation, for its acronym in Spanish DOF. The TLAC requirements will enter into force in 2022, and progressively for the following years, and will help strengthen the capital profiles of systemic banks. Due to amendments to the International Financial Reporting Standard (IFRS), the process of adapting the regulations applicable to entities supervised by the CNBV to the new international framework began. These amendments were published on March 13, 2020 in the DOF modifying the "CUB", and were expected for entering into force as of January 1, 2021, but its implementation date was extended until January 1, 2022, and are applicable to any instrument financial arising from a contract, among others to securities, derivative financial instruments, accounts receivable and the loan portfolio, having as a central focus on the classification of financial instruments reflects the business model under which they are managed, as well as the characteristics of your cash flows. These changes are applicable to Credit Institutions and Financial Groups, as well as to their related sectors. Therefore, the Regulatory Reports (RR) were adjusted with the changes by IFRS-9, which were shared with the banking association for review and comments and the corresponding filling instructions were updated. On the other hand, by means of a resolution published in the DOF on November 19, 2020, the "CUB" was modified, to indicate the requirements for the use of the Business Indicator method in the calculation of the capital requirement for Operational Risk, applicable to commercial banks and development banks, for which a new regulatory report was implemented.

Update and next steps: planned actions (if any) and expected commencement date
Authorities will continue to implement the Non-Bank Financial Intermediaries Monitoring Framework, as well as the relevant policies deemed necessary to mitigate systemic risks. The Mexican financial authorities involved in CESF will consider the recommendations from the IMF FSSA and will determine the applicable enhancements. In addition, the CNBV will start the migration of non-banking sector to the expected loss framework for provisions, including IFRS-9 accounting rules. Also, the CNBV is working on finalizing and implementing new capital requirements for the popular sector that will capture risks more adequately, and in new liquidity requirements such as the LCR (Liquidity Coverage Ratio) and the NSFR (Net Stable Funding Ratio).

Relevant web-links: please provide web-links to relevant documents
-CESF: http://www.cesf.gob.mx/es/CESF/home - CESF last meeting (Jun 29, 2021): https://www.cesf.gob.mx/work/models/CESF/docs/comunicados/Cuadragesima_cuarta_sesion_CESF.pdf -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 LEI: http://www.banxico.org.mx/financial-system/lei-code-reference-banco-mexi.html - Resolution that modifies the CUB (TLAC), (Jun 18, 2021): http://www.dof.gob.mx/nota_detalle.php?codigo=5621650&fecha=18/06/2021

IV13: Macroprudential frameworks and tools - Enhancing monitoring and use of macropru 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)*
- IMF Macroprudential Policy Survey database

Progress to date:
Implementation completed

Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification

Progress to date: please provide a date for your “implementation ongoing” status

Progress to date: If you have selected “Implementation completed” - please provide date of implementation
07.04.2016

Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes Regulation / Guidelines - Yes Other actions (such as supervisory actions) - No

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
The CESF comprises the main financial authorities in Mexico and is supported by external working groups. It was developed to conduct periodical analyses to identify potential systemic risks. The CESF has analysed the use of macro prudential tools available in other jurisdictions. The macro prudential tools currently available in Mexico are the following: - The Capital Conservation Buffer, which is a supplement designed to make sure that banks constitute an additional capital reserve while operating under normal conditions. The purpose of this buffer is to be used in case the bank incurs in losses and avoid breaches of minimum capital requirements. This framework is in place since January 2015 and, actually, this requirement is 2.5% of the Risk-Weighted Assets (RWA). - The LCR, which is a tool that requires banks to maintain enough liquid assets to allow them to meet their 30-day obligations under a hypothetical stress scenario with certain assumptions. According to international standards, banking institutions must comply with a minimum rate of 100%. This framework is in place since January 2015. - The NSFR is a structural liquidity tool that requires banks to maintain stable or long-term financing depending on the liquidity and term of their assets. This ratio takes as reference the next time horizons: less than 6 months, between 6 and 12 months and more than 12 months. According to international standards, banking institutions must comply with a minimum rate of 100%. The authorities evaluated the evolution of the COVID-19 situation and determined that the date of entry into force of this requirement is March 2022. - 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, 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. Alongside, the CNBV assesses the performance of profitability, liquidity and leverage indicators on a monthly basis. As part of its mandate as a supervisory body, it analyses the performance of credit portfolios (credit cards, payroll, personal loans, commercial, etc.) based on the behaviour of the system´s portfolio to identify potential problems commencing since credit origination and systemic impairment. The CNBV also performs, at least annually, supervisory and internal stress tests to assess the resilience of banks and brokerage houses to adverse scenarios. In addition, BANXICO, assesses the vulnerability of the financial system that arises from potential adverse scenarios, an activity that considers periodic risk analysis and stress testing through the review of several periodical indicators. As BANXICO foresee the likelihood of potential threats to the stability, it informs the CESF to determine its magnitude. Furthermore, to foster bank´s resilience to major financial disruptions, specific regulatory improvements are implemented. These developments provide measures to enhance and preserve capital in the lower cycle or in case of a financial crisis, including a capital buffer. The rules governing the countercyclical capital buffer, including reciprocity rules, have been already introduced in banking regulation. These rules were implemented since April 2016 according with the Basel standard. The transitional arrangement for the countercyclical capital buffer follows a four-year gradual period to be implemented as set forth by the Basel standard. Since 2020, the CNBV has implemented stress tests for other institutions besides banks and brokerage houses, a methodology for the stress tests for other sectors entities will be developed. In addition, IFRS-9 regulatory framework and a new standardized expected loss model for commercial loans will come into force in January 2022. This rule will provide additional tools and indicators to evaluate and monitor systemic risk and its relationship with credit risk and will improve the estimations of expected losses. Regarding the pension funds sector, CONSAR implemented a platform for monitoring financial stability in the sector. This implies carrying out stress tests both at individual and systemic levels. Every two weeks, assessments are performed, and results are discussed at CONSAR committees. Besides the use of historic volatility scenarios, other "what if" scenarios are used to reflect the macroeconomic variables evolution such as exchange rates, interest rates, inflation. It is worth mentioning that the CONSAR, as a member of the CESF, presents the aforementioned information to the Council as part of the topics regarding financial stability. Additionally, under CONSAR regulatory framework, AFOREs are obliged to monitor their portfolios under different stress scenarios modifying macroeconomic variables such as exchange rates, interest rates, inflation, among others. It is required for the AFORE to report those results to the CONSAR and also other financial risk measures such as Value at Risk (VaR), Conditional VaR (CVaR) the CVaR differential (Conditional VaR of the portfolio minus Conditional VaR of the portfolio without derivatives) and PID (The risk of the derivatives portfolio by counterparty). The AFORE could also include additional risk measures to those established in the regulation.

Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Update and next steps: highlight main developments since 2019 survey
- 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 2021 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 2H20 and 1H21 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. - In response to the COVID-19 outbreak, the CNBV announced on April 8, 2020, and effective on April 16, 2020, regulatory flexibilities in terms of capitalization, so that banks can use the capital conservation buffer between 1 April 2020 and 31 December 2021 but without deteriorating their minimum solvency requirements. The CNBV allowed banks not to inform to their board of directors the reasons for the use of the buffers, although they will have to inform to the CNBV, or the possibility of not sending the capital conservation plan for CNBV approval if they use up to 50% of the buffer. - In response to the COVID-19 outbreak, the Committee on Liquidity Banking Regulation (composed by officials from the Ministry of Finance, Banco de México and the CNBV) announced on April 8, 2020, temporary flexibilities on the liquidity requirements for banking institutions that will be in force from February 28, 2020 to February 28, 2022. In general terms the flexibilities include i) allowing banking institutions to consider as liquid assets those eligible as such as of February 28, before the markets reflected the COVID-19 outbreak impact; ii) exclude from the calculations of the Look Back Approach the information of margin calls or valuation changes occurred during March; iii) temporary halt to the application of certain corrective measures displayed when the institutions report a LCR below the minimum regulatory requirement; iv) an extraordinary classification for LCR scenarios based upon a combination of average and minimum LCRs that allow for the use of the liquidity buffer; and v) LCRs below the minimum regulatory requirement will not be deemed a to be a breach of the liquidity framework, thus economic sanctions will not be applicable. The Committee on Liquidity Banking Regulation also implemented a period in which the flexibilities are gradually unwound to avoid any abrupt behaviour corrections from banking institutions that could negatively affect their liquidity management. - On July 07, 2020, the CNBV announced that according to the methodology to identify D-SIBs and with information as of December 2019, Banco Inbursa is no longer considered a D-SIB. No bank was added to the list and the remaining 6 D-SIBs must comply with the additional capital requirements. - On March 26, 2021, the CNBV issued special accounting standards for credits that apply for the banking sector, consisting in the partial or total deferral of principal and / or interest payments for up to 4 months, with the possibility of extending them up to 2 months, considering the entire amount due. The measure was applicable if the credit was in due payment by February 28, 2020. These facilities allowed institutions not to consider as past due those credits restructured with a new term of up to six months for all loans and up to 18 months for loans addressed to the rural sector. This fact led to banks not to increase reserves during the payment moratorium, allowing to maintain the granting of credit to families and companies. - Finally, it is important to highlight that, as of July 31, 2021, the CCyB (Countercyclical Capital Buffer) rate remains at 0%. -Through the resolution published in the DOF on October 5, 2018, the CNBV implemented the Leverage Ratio, which establishes that less than the 3% registered by multiple banking institutions, would deviate from the international standards of the Banking Supervision Committee of Basel, since it would reflect a level of assets that are not supported by capital.

Update and next steps: planned actions (if any) and expected commencement date
- The most recent regulatory development is the planned inclusion of the NSFR into the Liquidity Regulation. This regulation was published for consultation on March 2020 at the National Commission for Regulatory Improvement (CONAMER, for its Spanish acronym). The General Provisions on Liquidity Requirements for Banks, are a more comprehensive regulation which includes the already implemented LCR as well as the NSFR. It is expected that the final rule will be in place in the first quarter of 2022. Despite the fact that the NSFR is not currently binding, all banks have been reporting on a monthly basis their NSFR since 2017. -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 CCyB.

Relevant web-links: please provide web-links to relevant documents
-CESF: 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/consar/documentos/normatividad-consar http://www.dof.gob.mx/nota_detalle.php?codigo=5560383&fecha=15/05/2019 - Regulatory flexibilities in terms of capitalization: https://www.gob.mx/cms/uploads/attachment/file/547101/Escrito_facilidades_bancos_JG__13_abril_2020__final.pdf https://www.gob.mx/cms/uploads/attachment/file/579585/Comunicado_076.pdf - Temporary flexibilities on the liquidity requirements: https://www.banxico.org.mx/publicaciones-y-prensa/miscelaneos/%7B199A62F0-E049-9272-5E1C-60C83E255077%7D.pdf https://www.banxico.org.mx/marco-normativo/normativa-emitida-por-el-banco-de-mexico/reglas-conjuntas-requerimientos-de-liquidez-para-l/%7B20E4E919-F1D4-1955-A101-C6F751CA9117%7D.pdf https://www.banxico.org.mx/marco-normativo/normativa-emitida-por-el-banco-de-mexico/reglas-conjuntas-requerimientos-de-liquidez-para-l/%7B222DE3CE-F2A1-95A7-7D51-8CC9BC7A4249%7D.pdf - Domestic Systemically Important Banks: https://www.gob.mx/cms/uploads/attachment/file/562097/Comunicado_de_Prensa_051_Importancia_Sist_mica_Local.pdf - Countercyclical capital buffer framework: Article 2 Bis 117 q of the Single Rulebook for Banks (CUB): https://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20car%C3%A1cter%20general%20aplicables%20a%20las%20instituciones%20de%20cr%C3%A9dito.pdf - NSFR regulatory development: https://www.cofemersimir.gob.mx/mirs/51944 - Temporary Accounting Facilities: https://www.gob.mx/cms/uploads/attachment/file/543425/Comunicado_029__1_.pdf https://www.gob.mx/cms/uploads/attachment/file/560385/Comunicado_056_final.pdf

V13: Improving credit rating agencies (CRAs) oversight- 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.

V14: Improving credit rating agencies (CRAs) oversight - 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:
Implementation completed

Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification

Progress to date: please provide a date for your "implementation ongoing" status

Progress to date: If you have selected "Implementation completed" - please provide date of implementation
01.12.2016

Progress to date: issue is being addressed through

Primary / Secondary legislation - Yes
Regulation / Guidelines - Yes
Other actions (such as supervisory actions) - No

Progress to date: short description of the content of the legislation/regulation/guideline/other actions

The CNBV, with the aim to encourage independent judgement of risks and to promote proper due diligence processes, requires, from all financial entities/authorized persons providing investment services, the carrying out of the following activities: - to perform reasonable recommendations, considering customers´ profile, - to develop financial product profiles - to set policies for investment portfolio diversification - to develop policies and guidelines for defining customers and products´ profiles subject to recommendation - to have in place sound accountability frameworks - to properly disclose fees - to set ceilings on securities placement. These rules apply to all financial entities/authorized persons providing investment services, namely investment advisors and investment managers, including any person obtaining registration to act as investment adviser, such as: banks, brokerage houses, investment funds managers, investment fund distributors and independent advisors. Notwithstanding investment funds are required to use credit rating agencies services, the CNBV is empowered to grant exemptions through secondary provisions. Regarding the pension funds sector, CONSAR requires AFOREs (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).

Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Update and next steps: highlight main developments since 2019 survey

In 2020, amendments to the General provisions were published reflecting IFRS-9 effects. Those amendments promote the use of internal ratings-based approach relying on IFRS-9. This method aims to have a more precisely measurement of credit risk and reduce credit ratings reliance.
Minimum guidelines were set for the development of parameters and rating systems, which included minimum criteria needed to define impairment buckets. Also, supervisory approval prior utilization of internal methods was emphasized on the amendments.

Update and next steps: planned actions (if any) and expected commencement date

Relevant web-links: please provide web-links to relevant documents

-DPV: 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

-LFI: http://www.cnbv.gob.mx/Normatividad/Ley%20de%20Fondos%20de%20Inversi%C3%B3n.pdf

-Financial Regulatory framework for AFORE, the Pension fund managers.
https://www.gob.mx/consar/documentos/normatividad-consar

https://www.gob.mx/cms/uploads/attachment/file/584824/CUF_COMPILADA_20200908_184000.pdf

http://www.dof.gob.mx/nota_detalle.php?codigo=5560383&fecha=15/05/2019

-Resolution that modifies the CUB:
https://www.cnbv.gob.mx/Resoluciones%20Modificatorias/123a.%20Resoluci%C3%B3n%20modificatoria%20CUB.pdf

VI15: Enhancing accounting standards - 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: https://www.ifrs.org/use-around-the-world/use-of-ifrs-standards-by-jurisdiction/.

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

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:
Implementation ongoing

Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification

Progress to date: If you have selected "implementation ongoing" - please specify
Final rule or legislation approved

Progress to date: please provide a date for your "implementation ongoing" status

Progress to date: If you have selected "Implementation completed" - please provide date of implementation

Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes Regulation / Guidelines - No Other actions (such as supervisory actions) - No

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
• According to the CNBV's Law (LCNBV), article 19, the 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 the 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 the CNBV such periodic information through the SITI. The information submitted must meet established quality standards 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. 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 (Provisions of the Insurance and Surety, in Spanish: Circular Única de Seguros y Fianzas, Annex 22.1.2)

Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Update and next steps: highlight main developments since 2019 survey
Regarding banks, the framework for the new accounting requirements for financial instruments, leases, income recognition (IFRS-9 effects) was published in the first quarter of 2020. This project will be effective on January 2022 (after a postponement due to COVID impacts).

Update and next steps: planned actions (if any) and expected commencement date
• The CNBV will continue working with CINIF in the process of convergence with IFRS. • The tripartite regulation for financial groups restated 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 publish, in the second semester of 2021, a final project of the 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 third quarter of 2021 and effective in 2022. • Regarding banks, the framework for the new accounting requirements for financial instruments, leases, income recognition was issued in March 2020 and will enter into force in January 2022. • Due to the COVID-19 situation, it was deferred and has not yet been implemented. It is expected that soon the status will be "Draft Public Consultation" at CONAMER. • 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.

Relevant web-links: please provide web-links to relevant documents
- LCNBV: http://www.cnbv.gob.mx/Normatividad/Ley%20de%20la%20Comisi%C3%B3n%20Nacional%20Bancaria%20y%20de%20Valores.pdf -Accounting guidelines for the AFORE and SIEFORE: https://www.gob.mx/cms/uploads/attachment/file/447021/DISPOSICIONES_REGISTRO_DE_CONTABILIDAD_COMPILACION_20190320.pdf - Provisions of the Insurance and Surety: https://www.gob.mx/cnsf/documentos/circular-unica-de-seguros-y-fianzas?state=draft

VII16: Enhancing risk management - Enhancing guidance to strengthen banks' risk management practic

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:
Implementation completed

Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification

Progress to date: please provide a date for your "implementation ongoing" status

Progress to date: If you have selected "Implementation completed" - please provide date of implementation
01.01.2015 & mid 90s for foreign currency operatio

Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes Regulation / Guidelines - No Other actions (such as supervisory actions) - No

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
Regulation and supervision of liquidity risk hinges on three core elements: 1. Regulation on liquidity risk management practices, introduced in 2014 in the CUB, to implement the BCBS Sound Principles for Liquidity Risk Management and Supervision. 2. Regulation, jointly issued by BANXICO and the CNBV, on 31 December 2014 to implement the BCBS LCR; and 3. Regulation introduced by BANXICO before the crisis on foreign currency operations by banks (limit on the Net Open Position, short term liquidity requirement, and structural liquidity requirement). All of these elements are explained below. In 2014, the Mexican financial authorities implemented, through regulation, the Basel Sound Principles for Liquidity Risk Management and Supervision, which are binding for commercial banks as well as for development banks. The Mexican framework for LCR requirements (assessed as Compliant with the Basel Standard) was issued in December 2014 through the publication of the General Provisions on Liquidity Requirements for Commercial Banks and entered into force in January 2015. The LCR applies to all commercial banking institutions. As for the regulation on foreign currency operations (FX), it consists of three parts: 1. Limits to the net open position. To minimize currency mismatch, the net open position in foreign currency is limited to 15 percent of Tier-1 capital. (including peso denominated products linked to the exchange rate). This minimizes (balance sheet) losses when 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. Two types of stress tests are implemented (both taking place annually), the regulatory stress test, where the CNBV provides expected loss projections for the next two years under adverse scenarios. Another type of stress test is the ICAAP (Internal Capital Adequacy Assessment Process), where the CNBV receives and evaluates projections under adverse scenarios and risk management plans developed by the banks. The purpose of this exercises is to encourage banks to improve their risk management policies and to monitor their resilience under stressed economic conditions.

Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Update and next steps: highlight main developments since 2019 survey
- Regarding the implementation of the NSFR, the draft regulation was published with minor modifications with respect to the consultative draft published in 2020. Comments have been received and the final regulation will be released in 2021. It is expected that the final rule will be in place in the first quarter of 2022. Despite the fact that the NSFR is not currently binding, all banks have been reporting on a monthly basis their NSFR since 2017. - The CNBV has developed new liquidity regulations that include the NSFR in addition to the LCR; implementation was delayed due to the pandemic, however it is expected to take place during 2021.

Update and next steps: planned actions (if any) and expected commencement date
The CNBV will continue monitoring its Early Warning System 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 published ant implemented in third quarter of 2021 (the second half of 2021). Banco de Mexico will keep developing the liquidity stress testing module of the stress testing framework. 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.

Relevant web-links: please provide web-links to relevant documents
-Exchange risk positions Circular-Telefax BANXICO 7/2002 M.61: http://www.banxico.org.mx/disposiciones/normativa/circular-2019-95/%7B962A4BC5-285D-6154-4116-BD86C19A7FE7%7D.pdf -General Provisions on Liquidity Requirements for Commercial Banks: http://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20car%C3%A1cter%20general%20sobre%20los%20requerimientos%20de%20liquidez%20para%20las%20instituciones%20de%20banca%20m%C3%BAltiple.pdf -CUB: http://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20car%C3%A1cter%20general%20aplicables%20a%20las%20instituciones%20de%20cr%C3%A9dito.pdf -Banks operations in foreign currency: Limit on net open position, Short-term liquidity requirement and Structural funding requirement. Title Five, articles 220 – 238: http://www.banxico.org.mx/disposiciones/normativa/circular-3-2012/%7B60333E30-FC8B-94D3-E1D0-4AF8E3C75E90%7D.pdf -CONAMER https://www.cofemersimir.gob.mx/mirs/51944

VII17: Enhancing risk management - 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:
Implementation ongoing

Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification

Progress to date: If you have selected "implementation ongoing" - please specify
Final rule or legislation approved

Progress to date: please provide a date for your “implementation ongoing” status
Final rule or legislation approved and Draft in preparation

Progress to date: If you have selected “Implementation completed” - please provide date of implementation
01.01.2015

Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes Regulation / Guidelines - No Other actions (such as supervisory actions) - No

Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
According to the LCNBV, 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 submitted 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.

Update and next steps: highlight main developments since 2019 survey
The final project reflecting IFRS-9 effects (for credit institutions) was published in the first quarter of 2020. This project will be effective on January 2022. New disclosures related with detail information of commercial portfolios are required: disaggregated information of loan portfolios’ PD, LGD, provisions (by bucket), movements and collaterals; rating methods, among others. This final project came because of the IFRS convergence process.

Update and next steps: planned actions (if any) and expected commencement date
The CNBV will continue working with CINIF in the process of convergence with IFRS. • The tripartite regulation for financial groups was restarted 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 them in the second semester of 2021 . 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 third quarter of 2021 and effective on 2022. • Regarding banks, the framework for the new accounting requirements for financial instruments, leases, income recognition was issued in March 2020 and will enter into force in January 2022. . However, due to the COVID-19 situation, the new regulation was deferred and has not yet been implemented. It is expected that soon the status will be “Draft Public Consultation” at CONAMER. • 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.

Relevant web-links: please provide web-links to relevant documents
-CUB: http://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20car%C3%A1cter%20general%20aplicables%20a%20las%20instituciones%20de%20cr%C3%A9dito.pdf -Resolution that modifies the CUB: https://www.cnbv.gob.mx/Resoluciones%20Modificatorias/123a.%20Resoluci%C3%B3n%20modificatoria%20CUB.pdf

VIII18: Strengthening deposit insurance - 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:
Implementation completed

Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification

Progress to date: please provide a date for your “implementation ongoing” status

Progress to date: If you have selected “Implementation completed” - please provide date of implementation
10.01.2014

Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes Regulation / Guidelines - Yes Other actions (such as supervisory actions) - Yes

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
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: - 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). Other actions: Financial Sector Assessment Program (FSAP) detailed assessment on compliance with the International Association of Deposit Insurers (IADI) Core Principles for Effective Deposit Insurance Systems.

Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Update and next steps: highlight main developments since 2019 survey
As the authority in charge of developing resolution plans, IPAB has already developed a resolution plan for every D-SIB in Mexico, and it plans to have completed a plan for all commercial banks in operation by the end of 2021 (except for one bank currently undergoing an exit strategy). New guidelines on the minimum requirements of resolution plans considering a proportionality approach are currently being developed, which will also allow IPAB to be more thorough in the development of these documents.

Update and next steps: 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: please provide web-links to relevant documents
-LIC: 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

IX19: Safeguarding financial markets integrity and efficiency - Enhancing 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:
Implementation completed

Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification

Progress to date: please provide a date for your “implementation ongoing” status

Progress to date: If you have selected “Implementation completed” - please provide date of implementation
10.09.2010

Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes Regulation / Guidelines - Yes Other actions (such as supervisory actions) - Yes

Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
On September 10, 2010, the CNBV´s Provisions 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 LMV 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 the Provisions 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 to establish better procedures for dealing with technological changes, trading errors (fat fingers for example), and pre-trade checks. IPAB has a collaboration agreement with the Single Resolution Board of the European Banking Union (SRB) to ensure closer collaboration between resolution authorities for those banks whose home authority is the SRB and whose host authority is IPAB.

Update and next steps: highlight main developments since 2019 survey

Update and next steps: planned actions (if any) and expected commencement date
To date there are no further actions envisaged.

Relevant web-links: please provide web-links to relevant documents
-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

IX20: Safeguarding financial markets integrity and efficiency - Regulation 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

Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - 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.

Progress to date: please provide a date for your "implementation ongoing" status

Progress to date: If you have selected "Implementation completed" - please provide date of implementation

Progress to date: issue is being addressed through
Primary / Secondary legislation - No Regulation / Guidelines - No Other actions (such as supervisory actions) - Yes

Progress to date: short description of the content of the legislation/regulation/guideline/other actions

Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Update and next steps: highlight main developments since 2019 survey

Update and next steps: planned actions (if any) and expected commencement date
To date there are no further actions envisaged.

Relevant web-links: please provide web-links to relevant documents

IX21: Safeguarding financial markets integrity and efficiency - 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.

X22: Enhancing financial consumer protection - 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:
Implementation completed

Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification

Progress to date: please provide a date for your “implementation ongoing” status

Progress to date: If you have selected “Implementation completed” - please provide date of implementation
10.01.2014

Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes Regulation / Guidelines - No Other actions (such as supervisory actions) - No

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
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. Information disclosure to investors. This rule allows them to have access to all material information about the products and investments subject of the advice 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 exceeds 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. Regarding the follow-up of financial user complaints, financial institutions are required to report to the CNBV the attention given to them on a quarterly basis.

Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Update and next steps: highlight main developments since 2019 survey

Update and next steps: planned actions (if any) and expected commencement date
To date there are no further actions envisaged.

Relevant web-links: please provide web-links to relevant documents
-LMV: https://www.cnbv.gob.mx/Normatividad/Ley%20del%20Mercado%20de%20Valores.pdf -LFI http://www.cnbv.gob.mx/Normatividad/Ley%20de%20Fondos%20de%20Inversi%C3%B3n.pdf - CUFI: 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 -DPV: 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

List of abbreviations used

List of abbreviations used
• AFOREs: Administradoras de Fondos para el Retiro - Pension Funds Managers • AGV: Analytical Group on Vulnerabilities • AML/CFT: Anti-Money Laundering Anti-Money Laundering/Combating the Financing of Terrorism • APIs: Application Program Interface • BANXICO Banco de México • BANXICO: Banco de México - Central Bank • 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 Nacional de Seguros y Fianzas – National Commission of Insurance and Sureties • CONAMER: Comisión Nacional de Mejora Regulatoria - National Commission for Regulatory Improvement. • 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 - Banking Provisions • CUCB: Disposiciones de Carácter General aplicables a las Casas de Bolsa - Provisions for Broker Dealers • CUAE: Disposiciones de Carácter General aplicables a las Entidades y Emisoras Supervisadas por la Comisión Nacional Bancaria y de Valores que Contraten Servicios de Auditoría Externa de Estados Financieros Básicos - Provisions for CNBV's Supervised Entities Supervised that contract External Auditors' services • CUE: Disposiciones de Carácter General aplicables a Emisoras - Provisions for Publicly Listed companies • CUFI: Disposiciones de Carácter General aplicables a los Fondos de Inversión - 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 - Provisions for Investment Services Providers • DOF: Diario Oficial de la Federación - Official Gazette of the Federation • D-SIBs or DSIBs: Bancos nacionales de importancia sistémica – Domestic Systemically Important Banks • FinTech: Finance Technology • FSAP: Financial Sector Assessment Program • FSB: Financial Stability Board • FSSA: Financial System Stability Assessment • FX: Forex • ICAAP: Proceso de evaluación de la adecuación del capital interno - Internal Capital Adequacy Assessment Process • 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 • LCNBV: Ley de la Comisión Nacional Bancaria y de Valores - National Banking and Securities Commission Law • LCR: Liquidity Coverage Ratio • LFI: Ley de Fondos de Inversión - Investment Funds Law • LIC: Ley de Instituciones de crédito - Banking Law • LOU: Local Operating Unit • LMV: Ley del Mercado de Valores - Securities Markets Law • LPAB: Ley de Protección al Ahorro Bancario - Bank Savings' Protection Law • LRAF: Ley para Regular las Agrupaciones Financieras - Law to Regulate Financial Groups • MFRS: Mexican Financial Reporting Standards • MIS: Manual Institucional de Supervisión - Institutional Supervision Handbook • MoU: Memorandum of Understanding • NSFR: Net Stable Funding Ratio • OTC: Over the counter • P&A: Purchase and Assumption • PAV: Programa Anual de Visitas - Annual Visits Program • PAS: Annual Supervision Plan • PES: Programa de Entidades Supervisadas - Register of supervised entities • PID: Provisión por exposición en Instrumentos Derivados - Risk of the derivatives portfolio by counterparty • PIS: Integral Supervision Project

- PTS: Technological Platform of Supervision
- RBS: Banking Risk Based Supervision
- RBS: Risk Based Supervision
- RNV: Registro Nacional de Valores - National Registry of Securities
- RR: Regulatory Reports
- RWA: Risk-Weighted Assets
- SCAV: Standing Committee on Assessment of Vulnerabilities
- SHCP: Secretaría de Hacienda y Crédito Público - Ministry of Finance
- SITI: Sistema Interinstitucional de Transferencia de Información - Inter-Institutional System for Information Transfer
- SIEFORE: Sociedades de Inversión de Fondos para el Retiro - Retirement Funds Investment Companies
- SOFOMES: Sociedades Financieras de Objeto Múltiple - Multiple Purpose Financial Companies
- SRC: Standing Committee on Regulatory and Supervisory Cooperation
- VaR: Value at Risk
- TLAC: Capacidad Total de Absorción de Pérdidas - Total Loss-Absorbing Capacity
- VaR: Value at Risk
- VRE: Vigilancia Reforzada Especifica - Enhanced Specific Surveillance