

Jurisdiction: Mexico

2014 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

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No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
I. Refining the regulatory perimeter					
1 (1)	Review of the boundaries of the regulatory framework including strengthening of oversight of shadow banking ¹	We will each review and adapt the boundaries of the regulatory framework to keep pace with developments in the financial system and promote good practices and consistent approaches at an international level. (London)	Jurisdictions should indicate the steps taken to expand the domestic regulatory framework to previously unregulated entities, for example, non-bank financial institutions (e.g. finance companies, mortgage insurance companies, credit hedge funds) and conduits/SIVs etc.	<input type="checkbox"/> Not applicable <input type="checkbox"/> Applicable but no action envisaged at the moment <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> <input checked="" type="checkbox"/> Implementation ongoing or completed : Issue is being addressed through : <input checked="" type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation / Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: Status of progress : <input type="checkbox"/> Draft in preparation, expected publication by: <input type="checkbox"/> Draft published as of: <input type="checkbox"/> Final rule or legislation approved and will come into force on: <input checked="" type="checkbox"/> Reform effective (completed) as of: January 10, 2014 Short description of the content of the legislation/ regulation/guideline: In	Planned actions (if any): The Financial System Stability Council (CESF) evaluates on a continuous basis whether the current boundaries of the regulatory framework are consistent to reduce the risk exposure of the financial system. The analysis includes innovation and other trends in the development of financial markets. Expected commencement date: Ongoing Web-links to relevant documents:
(1)		We agree to strengthen the regulation and oversight of the shadow banking system. ² (Cannes)	Jurisdictions should indicate policy measures to strengthen the regulation and oversight of the shadow banking system. See, for reference, the recommendations discussed in section 2 of the October 2011 FSB report: Shadow Banking: Strengthening Oversight and Regulation.		

¹ Some authorities or market participants prefer to use other terms such as “market-based financing” instead of “shadow banking”. The use of the term “shadow banking” is not intended to cast a pejorative tone on this system of credit intermediation. However, the FSB is using the term “shadow banking” as this is the most commonly employed and, in particular, has been used in the earlier G20 communications.

² This recommendation will be retained until the monitoring framework for shadow banking, which is one of the designated priority areas under the CFIM, is established.

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				<p>order to increase transparency and to strengthen oversight of the shadow banking sector; the financial reform extended the scope to regulated SOFOMES, corporations whose principal purpose is to grant credit and/or lease holdings and/or financial factoring. Previously, the regulated SOFOMES were considered as those that have equity ties with a bank or with the holding of a financial group for which the bank belonged to. With the new regulatory approach, the regulated SOFOMES are considered as those that: i. Have equity ties with banks or with the holding of the financial group for which the bank belongs to, or with savings and loans entities, ii. Issue debt in the capital market, or iii. By its own decision require to be under supervision of the CNBV (provided that certain requirements related to their equity ratios are satisfied).</p> <p>Highlight main developments since last year’s survey: The financial reform was passed on January 10, 2014.</p> <p>Web-links to relevant documents: Credit Organisations and Ancillary Activities Law (LGOACC) http://www.cnbv.gob.mx/Normatividad/</p>	

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				Ley%20General%20de%20Organizacion es%20y%20Actividades%20Auxiliares% 20del%20Crédito.docx This document is available in Spanish only.	

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II. Hedge funds					
2 (2)	Registration, appropriate disclosures and oversight of hedge funds	<p>We also firmly recommitted to work in an internationally consistent and non-discriminatory manner to strengthen regulation and supervision on hedge funds. (Seoul)</p> <p>Hedge funds or their managers will be registered and will be required to disclose appropriate information on an ongoing basis to supervisors or regulators, including on their leverage, necessary for assessment of the systemic risks they pose individually or collectively. Where appropriate registration should be subject to a minimum size. They will be subject to oversight to ensure that they have adequate risk management. (London)</p>	<p>Jurisdictions should state whether Hedge Funds(HFs) are domiciled locally and, if available, indicate the size of the industry in terms of Assets Under Management (AUM) and number of HFs. Jurisdictions should indicate the progress made in implementing the high level principles contained in IOSCO’s Report on Hedge Fund Oversight (Jun 2009).</p> <p>In particular, jurisdictions should specify whether:</p> <ul style="list-style-type: none"> - HFs and/or HF managers are subject to mandatory registration - Registered HF managers are subject to appropriate ongoing requirements regarding: <ul style="list-style-type: none"> • Organisational and operational standards; • Conflicts of interest and other conduct of business rules; • Disclosure to investors; and • Prudential regulation. 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation / Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Status of progress :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Draft in preparation, expected publication by: <input type="checkbox"/> Draft published as of: <input type="checkbox"/> Final rule or legislation approved and will come into force on: <input checked="" type="checkbox"/> Reform effective (completed) as of: January 10, 2014 (Financial Reform) <p>Short description of the content of the legislation/ regulation/guideline: Hedge funds may not be registered under the mutual funds' regulatory framework. Nevertheless these types of investment schemes may be structured as closed trusts or other types of special purpose</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Planned actions (if any): For those mutual funds that trade derivatives, the manager should have sound risk management policies. In addition, the CNBV is in the process to update the secondary regulation for mutual funds, in order to define the investment regime applicable to limited-object funds, under which hedge-funds may be registered to be able to make public distribution of their shares.</p> <p>Expected commencement date: 4Q, 2014</p> <p>Web-links to relevant documents:</p>

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				<p>vehicles, which can be offered to sophisticated costumers only, as defined by the Securities Market Law (LMV). Moreover, within the registry process for a mutual fund (accordingly with the regulation), the CNBV would require that it is managed by an authorised fund manager (other authorised intermediaries may be allowed to undertake certain activities of hedge fund management). It should also be noted that certain private collective investment schemes that are not publicly offered, are exempt from regulatory disclosure requirements (i.e. financial information or regulatory reports to the CNBV). However, risks to investors posed by any investment scheme similar to hedge funds operating in Mexico are mitigated by the CNBV through regulatory access to investors' detailed portfolio information.</p> <p>Highlight main developments since last year's survey: On January 10, 2014 the former Mutual Funds Law was amended and became the Investment Funds Law. This new law enhances the regulatory framework of collective investment schemes in Mexico by creating a new type of entity which improves the corporate governance of investment</p>	

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				<p>funds in terms of its constitution procedures, reallocation of their board of directors' functions to the investment fund management company and by limiting mutual funds' shareholders to economic rights, among others. In addition, the duty of loyalty and the duty of care were imposed to the board of directors of investment fund management companies. Provisions on conflict of interests, investment advice services, and external independent auditors requirements were also imposed.</p> <p>Web-links to relevant documents: Investment Funds Law: http://www.cnbv.gob.mx/Normatividad/Ley%20de%20Fondos%20de%20Inversi%20n.doc This document is available in Spanish only.</p>	

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3 (3)	Establishment of international information sharing framework	We ask the FSB to develop mechanisms for cooperation and information sharing between relevant authorities in order to ensure effective oversight is maintained when a fund is located in a different jurisdiction from the manager. We will, cooperating through the FSB, develop measures that implement these principles by the end of 2009. (London)	<p>Jurisdictions should indicate the progress made in implementing the high level principles in IOSCO’s Report on Hedge Fund Oversight (Jun 2009) on sharing information to facilitate the oversight of globally active fund managers.</p> <p>In addition, jurisdictions should state whether they are:</p> <ul style="list-style-type: none"> - Signatory to the IOSCO MMoU - Signatory to bilateral agreements for supervisory cooperation that cover hedge funds and are aligned to the 2010 IOSCO Principles Regarding Cross-border Supervisory Cooperation. <p>In particular, jurisdictions should indicate those jurisdictions where an MoU is in place that provides for oversight when a hedge fund is located in one of these jurisdictions and manager is located elsewhere.</p>	<p><input checked="" type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> The regulatory framework forbids the public promotion of cross-border funds in Mexico unless their securities are offered exclusively to qualified and/or institutional investors.</p> <p><input type="checkbox"/> Implementation ongoing or completed :</p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation / Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Status of progress :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Draft in preparation, expected publication by: <input type="checkbox"/> Draft published as of: <input type="checkbox"/> Final rule or legislation approved and will come into force on: <input type="checkbox"/> Reform effective (completed) as of: <p>Short description of the content of the legislation/ regulation/guideline: The regulatory framework forbids the promotion of cross-border funds in</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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				<p>Mexico unless their securities are offered to qualified and/or institutional investors by the means of a private offering. Such securities could be offered publicly but in that case, it would apply the regulatory framework for issuers (register, public offering, disclosure, corporate governance, etc.). The CNBV of Mexico is a MMoU signatory since 2003.</p> <p>Highlight main developments since last year's survey:</p> <p>Web-links to relevant documents: IOSCO MMoU list of current signatories (As of June 18, 2014): http://www.iosco.org/library/index.cfm?section=mou_siglist</p>	

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<p>4 (4)</p> <p>(4)</p>	<p>Enhancing counterparty risk management</p>	<p>Supervisors should require that institutions which have hedge funds as their counterparties have effective risk management, including mechanisms to monitor the funds' leverage and set limits for single counterparty exposures. (London)</p> <p>Supervisors will strengthen their existing guidance on the management of exposures to leveraged counterparties. (Rec. II.17,FSF 2008)</p>	<p>Jurisdictions should indicate specific policy measures taken for enhancing counterparty risk management and strengthening their existing guidance on the management of exposure to leveraged counterparties.</p> <p>In particular, jurisdictions should indicate whether they have implemented the Basel III rules for credit exposures to highly leveraged counterparties (para 112 of Basel III (Jun 2011) – see also FAQ no 1b.4 on Basel III counterparty credit risk, Dec 2012), and principle 2.iii of IOSCO Report on Hedge Fund Oversight (Jun 2009). Jurisdictions should also indicate the steps they are taking to implement the new standards on equity exposures (Capital requirements for banks' equity investments in funds, Dec 2013) by 1 January 2017.</p> <p>For further reference, see also the following documents :</p> <ul style="list-style-type: none"> • BCBS Sound Practices for Banks' Interactions with Highly Leveraged Institutions (Jan 1999) • BCBS Banks' Interactions with Highly Leveraged Institutions (Jan 1999) 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Status of progress :</p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Reform effective (completed) as of: January 10, 2014</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Mexico addresses the issue of counterparty risk through the CUB - Secondary Legislation-, which is amended regularly and allows the CNBV to supervise banking institutions on this matter, while giving the legislators more flexibility than Primary Legislation to</p>	<p>Planned actions (if any): The CNBV is working on the development of the regulatory framework to strengthen Pillar I capital adequacy rules in relation to counterparty credit risks.</p> <p>Expected commencement date: 4Q, 2014</p> <p>Web-links to relevant documents:</p>

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				<p>adapt the law to new scenarios.</p> <p>Highlight main developments since last year's survey: The Primary and Secondary legislation were provided with increased flexibility so they could promptly adapt to new scenarios and financial schemes.</p> <p>Web-links to relevant documents: General Provisions for Banks (CUB): http://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20carácter%20general%20aplicables%20a%20las%20instituciones%20de%20crédito.docx This document is available in Spanish only.</p>	

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III. Securitisation					
5 (5)	Improving the risk management of securitisation	<p>During 2010, supervisors and regulators will:</p> <ul style="list-style-type: none"> implement IOSCO’s proposals to strengthen practices in securitisation markets. (FSB 2009) <p>The BCBS and authorities should take forward work on improving incentives for risk management of securitisation, including considering due diligence and quantitative retention requirements by 2010. (London)</p> <p>Securitization sponsors or originators should retain a part of the risk of the underlying assets, thus encouraging them to act prudently. (Pittsburgh)</p>	<p>Jurisdictions should indicate the progress made in implementing the recommendations contained in:</p> <ul style="list-style-type: none"> IOSCO’s <i>Unregulated Financial Markets and Products (Sep 2009)</i>, including justification for any exemptions to the IOSCO recommendations; and BCBS’s Basel 2.5 standards on exposures to securitisations (Jul 2009), http://www.bis.org/publ/bcbs157.pdf and http://www.bis.org/publ/bcbs158.pdf. <p><i>Jurisdictions may also indicate progress in implementing the recommendations of the IOSCO’s Report on Global Developments in Securitisation Regulation (Nov 2012).</i>³</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Status of progress :</p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Reform effective (completed) as of: January 10, 2014</p> <p>Short description of the content of the legislation/ regulation/guideline: The CNBV has strengthened the prudential</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Planned actions (if any): The CNBV will amend the operational regulation for banking institutions to strengthen securitisations disclosure of the underlying assets and foster an enhanced risk assessment. Special emphasis will be given to re-securitisations. Such regulatory actions will be executed under the existing regulatory and supervisory powers.</p> <p>Expected commencement date: 4Q, 2014</p> <p>Web-links to relevant documents:</p>

³ Jurisdictions should not provide responses on IOSCO recommendations concerning the alignment incentives associated with securitisation (including risk retention requirements) since these will be covered by an IOSCO peer review in 2014.

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				<p>standards for securitisation practices based on: i. the development of a regulatory framework for sales practices and asset management which includes, among others, due diligence processes for complex instruments; ii. the strengthening of preventive measures for risk management; and iii. the undertaking of on-site authorisation processes for risk management practices. Regulation regarding business conduct practices was issued in November 2012. Additionally, on January 1, 2013, the capitalisation rule was amended to establish higher capital requirement to re-securitisation exposures and to incorporate banks' internal assessment of their securitisations exposures, as an operational requirement for the use of an external credit rating.</p> <p>Highlight main developments since last year's survey: The Securities Market Law (LMV) was amended in order to include sales practice requirements and due diligence obligations as well as a sanction regime.</p> <p>Web-links to relevant documents: Securities Markets Law (LMV): http://www.cnbv.gob.mx/Normatividad/Ley%20del%20Mercado%20de%20Valo</p>	

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				<p>res.doc General Provisions for Broker Dealers (CUCB): http://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20carácter%20general%20aplicables%20a%20las%20casas%20de%20bolsa.docx These documents are available in Spanish only.</p>	

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6 (6)	Strengthening of regulatory and capital framework for monolines	Insurance supervisors should strengthen the regulatory and capital framework for monoline insurers in relation to structured credit. (Rec II.8 ,FSF 2008)	<p>Jurisdictions should indicate the policy measures taken for strengthening the regulatory and capital framework for monolines.</p> <p>See, for reference, the following principles issued by IAIS:</p> <ul style="list-style-type: none"> • ICP 13 – Reinsurance and Other Forms of Risk Transfer; • ICP 15 – Investments; and • ICP 17 - Capital Adequacy. <p>Jurisdictions may also refer to:</p> <ul style="list-style-type: none"> • IAIS Guidance paper on enterprise risk management for capital adequacy and solvency purposes (Oct 2008). • Joint Forum’s consultative document on Mortgage insurance: market structure, underwriting cycle and policy implications (Feb 2013). 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Status of progress :</p> <p><input checked="" type="checkbox"/> Draft in preparation, expected publication by: April, 2015</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Reform effective (completed) as of:</p> <p>Short description of the content of the legislation/ regulation/guideline: Monolines in Mexico are subject to specific rules regarding technical provisions, capital requirements, licensing requirements, investment regime, etc. Moreover, in April 2013 a new law was approved, which provides</p>	<p>Planned actions (if any): Secondary regulation is under discussion, the final version is expected to be released before the end of 2014.</p> <p>Expected commencement date: 4Q, 2014</p> <p>Web-links to relevant documents:</p>

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				<p>additional guidance to strengthen the supervision of these institutions on risk management, corporate governance, capital requirements, technical provisions, investments, etc.</p> <p>Highlight main developments since last year's survey: A three phase qualitative impact study and a parallel three phase quantitative impact study have been conducted in 2014 in order to measure the impact on insurers of the implementation of the new law.</p> <p>Web-links to relevant documents:</p>	

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7 (7)	Strengthening of supervisory requirements or best practices for investment in structured products	Regulators of institutional investors should strengthen the requirements or best practices for firms' processes for investment in structured products. (Rec II.18 ,FSF 2008)	<p>Jurisdictions should indicate the due diligence policies, procedures and practices applicable for investment managers when investing in structured finance instruments and other policy measures taken for strengthening best practices for investment in structured finance product.</p> <p>Jurisdictions may reference IOSCO's report on Good Practices in Relation to Investment Managers' Due Diligence When Investing in Structured Finance Instruments (Jul 2009).</p> <p>Jurisdictions may also refer to the Joint Forum report on Credit Risk Transfer-Developments from 2005-2007 (Jul 2008).</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If " Not applicable " or "Applicable but no action envisaged ..." has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Status of progress :</p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Reform effective (completed) as of: March 28, 2014</p> <p>Short description of the content of the legislation/ regulation/guideline: The CNBV published in November 2012, and amended in March 2014, the regulation for advisory and non-advisory financial services applicable to banks and brokerage firms. Financial entities will be responsible for information disclosure</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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				<p>to consumers through the recently created Committee of Financial Product Analysis. This committee will be in charge of such analysis whenever financial products are used to provide investment advice (advisory services) and general recommendations (non-advisory services). In advisory services, financial products must, among others, be analysed in order to determine the kind of customer it may be suitable for through know-your-product obligations (including particular requirements for distribution of complex financial products). Regarding non-advisory services, information disclosed to investors must include the financial product main characteristics, investment horizon, secondary market, commissions, risks, and warnings about past performance. On-Site and Off-Site supervision that assess the procedures and actions that will be implemented by the entities in order to comply with the rules has been approved. It is important to consider that new sales practice requirements, obligations and new sanction/fines regime for business conduct have been introduced within the Securities Market Law as part of the aforementioned financial reform.</p>	

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				<p>Highlight main developments since last year's survey:</p> <p>Web-links to relevant documents: Securities Markets Law (LMV): http://www.cnbv.gob.mx/Normatividad/Ley%20del%20Mercado%20de%20Valores.doc General Provisions for Broker Dealers (CUCB): http://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20carácter%20general%20aplicables%20a%20las%20casas%20de%20bolsa.docx General Provisions for Banks and Broker Dealers on Investment Services (DSI): http://www.cnbv.gob.mx/Normatividad/Disposiciones%20CB%20e%20IC%20en%20materia%20de%20servicios%20de%20inversi%C3%B3n.docx These documents are available in Spanish only.</p>	

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8 (8)	Enhanced disclosure of securitised products	Securities market regulators should work with market participants to expand information on securitised products and their underlying assets. (Rec. III.10-III.13, FSF 2008)	<p>Jurisdictions should indicate the policy measures taken for enhancing disclosure of securitised products.</p> <p>See, for reference, IOSCO’s Report on Principles for Ongoing Disclosure for Asset-Backed Securities (Nov 2012) and IOSCO’s Disclosure Principles for Public Offerings and Listings of Asset-Backed Securities (Apr 2010).</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Status of progress :</p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Reform effective (completed) as of: September, 2008</p> <p>Short description of the content of the legislation/ regulation/guideline: In September 2008, the regulatory framework was amended to include disclosure guidance on securitisations prospectus. Additionally, it provides that annual, quarterly and monthly reports</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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				<p>should contain complete information regarding underlying assets.</p> <p>Highlight main developments since last year's survey: There has not been any amendments to the regulatory framework.</p> <p>Web-links to relevant documents: Securities Markets Law (LMV): http://www.cnbv.gob.mx/Normatividad/Ley%20del%20Mercado%20de%20Valores.doc General Provisions for Securities Issuers (CUE): http://www.cnbv.gob.mx/SECTORES-SUPERVISADOS/BURS%C3%81TIL/Normatividad/Paginas/Emisoras.aspx These documents are only available in Spanish.</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
IV. Enhancing supervision					
9 (9)	Consistent, consolidated supervision and regulation of SIFIs	All firms whose failure could pose a risk to financial stability must be subject to consistent, consolidated supervision and regulation with high standards. (Pittsburgh)	<p>Jurisdictions should indicate the policy measures taken for implementing consistent, consolidated supervision and regulation of SIFIs.⁴</p> <p>See, for reference, the following documents:</p> <p>BCBS:</p> <ul style="list-style-type: none"> • Framework for G-SIBs (Nov 2011) • Framework for D-SIBs (Oct 2012) • BCP 12 (Sep 2012) <p>IAIS:</p> <ul style="list-style-type: none"> • Global Systemically Important Insurers: Policy Measures (Jul 2013) • ICP 23– Group wide supervision <p>FSB:</p> <ul style="list-style-type: none"> • Framework for addressing SIFIs (Nov 2011) 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Status of progress :</p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Reform effective (completed) as of: January 10, 2014</p> <p>Short description of the content of the legislation/ regulation/guideline: In August, 2010, the CESF was established to assess potential systemic risks to the</p>	<p>Planned actions (if any): The CNBV is working on an internal methodology to detect and assess systemic risks posed by all banks operating in Mexico. This methodology is aimed to obtain certain metrics as a basis for the calculation of systemic risks created by specific financial institutions. Once these metrics are set up, specific requirements for each entity will be established in terms of minimum capital ratios, additional reserves, among other factors. Thereafter, based on this methodology, the drafting of a new regulation applicable to Systemically Important Institutions could be considered.</p> <p>Banco de México has developed a methodology to identify D-SIBs and a methodology to determine the Higher Loss Absorbency Requirement (HLA) for D-SIBs. The work is in line with the Basel Committee guidelines, it follows the main categories that determine the degree of systemic importance of a bank but, at the same time, it also takes into account the specificities of the Mexican</p>

⁴ The scope of the follow-up to this recommendation will be revised once the monitoring framework on policy measures for G-SIFIs, which is one of the designated priority areas under the CFIM, is established.

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>financial system. In January, 2014, as part of the Financial Reform and the amendments made to the Law to Regulate Financial Institutions, the CESF was established in Law . In addition, the Financial Reform amended various articles from the LIC, which vested the CNBV with new powers to increase its supervision and regulation abilities and, in particular, they grant powers to impose capital surcharges for systemic risk.</p> <p>Highlight main developments since last year’s survey: In February 2014 the CNBV began to work on the development of a methodology to identify systemic risks that will be finalised in 2015.</p> <p>Web-links to relevant documents:</p>	<p>Financial system as well as the information availability.</p> <p>Expected commencement date: To be determined</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
<p>10 (10)</p> <p>(10)</p>	<p>Establishing supervisory colleges and conducting risk assessments</p>	<p>To establish the remaining supervisory colleges for significant cross-border firms by June 2009. (London)</p> <p>We agreed to conduct rigorous risk assessment on these firms [G-SIFIs] through international supervisory colleges. (Seoul)</p>	<p>Reporting in this area should be undertaken solely by home jurisdictions of significant cross-border firms. Please indicate whether supervisory colleges for all significant cross-border firms (both banks and insurance companies) have been established and whether the supervisory colleges for G-SIFIs are conducting rigorous risk assessments.</p> <p>Principle 13 of BCBS <u>Core Principles for Effective Banking Supervision</u> and <u>Good practice principles on supervisory colleges (Oct 2010)</u> may be used as a guide for supervisor to indicate the implementation progress. For further reference, see the following documents:</p> <p>BCBS:</p> <ul style="list-style-type: none"> • <u>Core Principles for Effective Banking Supervision (Sep 2012)</u> <p>IAIS :</p> <ul style="list-style-type: none"> • <u>ICP 25 and Guidance 25.1.1 – 25.1.6 on establishment of supervisory colleges</u> • <u>Guidance 25.6.20 and 25.8.16 on risk assessments by supervisory colleges</u> <p>IOSCO:</p> <ul style="list-style-type: none"> • <u>Principles Regarding Cross-Border</u> 	<p><input checked="" type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> Only home jurisdictions of significant cross-border firms should respond this question.</p> <p><input type="checkbox"/> Implementation ongoing or completed :</p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation / Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Status of progress :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Draft in preparation, expected publication by: <input type="checkbox"/> Draft published as of: <input type="checkbox"/> Final rule or legislation approved and will come into force on: <input type="checkbox"/> Reform effective (completed) as of: <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Highlight main developments since last year’s survey:</p> <p>Web-links to relevant documents:</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
			<i>Supervisory Cooperation (May 2010)</i>		

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
<p>11 (11)</p> <p>(11)</p>	<p>Supervisory exchange of information and coordination</p>	<p>To quicken supervisory responsiveness to developments that have a common effect across a number of institutions, supervisory exchange of information and coordination in the development of best practice benchmarks should be improved at both national and international levels. (Rec V.7 , FSF 2008)</p> <p>Enhance the effectiveness of core supervisory colleges. (FSB 2012)</p>	<p>Jurisdictions should include any feedback received from recent FSAPs/ROSC assessments on the September 2012 BCP 3 (Cooperation and collaboration) and BCP 14 (Home-host relationships). Jurisdictions should also indicate any steps taken since the last assessment in this area, particularly in response to relevant FSAP/ROSC recommendations.</p> <p>Jurisdictions should describe any regulatory, supervisory or legislative changes that will contribute to the sharing of supervisory information (e.g. within supervisory colleges or via bilateral or multilateral MoUs).</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation / Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Status of progress :</p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Reform effective (completed) as of: January, 2014</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Mexican financial authorities have implemented local MOUs for information sharing and coordination at a national level. In addition, financial authorities may also share information through the CESF. At international level, bilateral</p>	<p>Planned actions (if any): MFA will continue to work towards increasing their compliance with the Basel Core Principles and the enhancement of cross-border information exchange mechanisms. The CNBV will continue working through a direct, ongoing and close communication with its foreign counterparts. Moreover, in terms of supervisory colleges and crisis management groups of foreign banks with large presence in Mexico, information sharing and cooperation arrangements have been discussed and are expected to be signed in the near future. As well, the CNBV will continue to seek material information from home supervisors before colleges are held and will focus on generating certain consolidated documents such as an institution joint risk score and an inspection visit program. Furthermore, the signing of cooperation agreements for crisis management groups will continue to be pursued. Lastly, Banco de México and the CNBV will promote within the international fora a balance in terms of home-host flow, volume and usefulness of the exchange of information.</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>MOUs have been implemented with foreign financial authorities and multilateral MOUs with standard setting bodies, including IOSCO and IAIS. The CNBV, CNSF and Banco de México have legal authority to sign agreements for information exchange with foreign authorities.</p> <p>Highlight main developments since last year's survey: The Financial Reform, passed in January 2014, included the appropriate amendments to the Banking Institutions Law in order to attend the FSAP/ROSC recommendations, to increase compliance with the Basel Core Principles and to provide more autonomy to the CNBV for decision making, increase risk management and supervision provisions. In addition, the reform provided powers to Banco de México to enter into agreements with foreign authorities for the exchange of information.</p> <p>Web-links to relevant documents: Mexico: Detailed Assessment of Observance of Basel Core Principles (March 30, 2012): https://www.imf.org/external/pubs/ft/scr/2012/cr1266.pdf</p>	<p>Expected commencement date: Ongoing</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
12 (12)	Strengthening resources and effective supervision	We agreed that supervisors should have strong and unambiguous mandates, sufficient independence to act, appropriate resources, and a full suite of tools and powers to proactively identify and address risks, including regular stress testing and early intervention. (Seoul)	No information on this recommendation will be collected in the current IMN survey since a peer review is taking place in this area during 2014.		
(12)		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)			
(12)		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)			

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
V. Building and implementing macroprudential frameworks and tools					
13 (13)	Establishing regulatory framework for macro-prudential oversight	Amend our regulatory systems to ensure authorities are able to identify and take account of macro-prudential risks across the financial system including in the case of regulated banks, shadow banks ⁵ and private pools of capital to limit the build up of systemic risk. (London)	Please describe major changes in the institutional arrangements for macroprudential policy that have taken place in the past two years, including changes in: i) mandates and objectives; ii) powers and instruments; iii) transparency and accountability arrangements; iv) composition and independence of the decision-making body; and v) mechanisms for domestic policy coordination and consistency.	<input type="checkbox"/> Not applicable <input type="checkbox"/> Applicable but no action envisaged at the moment <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> <input checked="" type="checkbox"/> Implementation ongoing or completed : Issue is being addressed through : <input checked="" type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation / Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: MFA, through the CESF, work in a coordinated way to timely identify any potential risk to the Mexican financial system. Additionally, MFA will participate in the Global Legal Entity Identifier (LEI) System projects. Status of progress : <input type="checkbox"/> Draft in preparation, expected publication by:	Planned actions (if any): No further actions are envisaged at the moment. On the other hand, CNBV and Banco de México will continue to work on LEI projects. Expected commencement date: Ongoing Web-links to relevant documents:
(13)		Ensure that national regulators possess the powers for gathering relevant information on all material financial institutions, markets and instruments in order to assess the potential for failure or severe stress to contribute to systemic risk. This will be done in close coordination at international level in order to achieve as much consistency as possible across jurisdictions. (London)	Please indicate whether an assessment has been conducted with respect to the powers to collect and share relevant information among different authorities – where this applies – on financial institutions, markets and instruments to assess the potential for systemic risk. Please indicate whether the assessment has indicated any gaps in the powers to collect information, and whether any follow-up actions have been taken.		

⁵ The recommendation as applicable to shadow banks will be retained until the monitoring framework for shadow banking, which is one of the designated priority areas under the CFIM, is established.

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p> <input type="checkbox"/> Draft published as of: <input type="checkbox"/> Final rule or legislation approved and will come into force on: <input checked="" type="checkbox"/> Reform effective (completed) as of: January 10, 2014 </p> <p> Short description of the content of the legislation/ regulation/guideline: The CESF was established in Law to identify risks that may disrupt the functioning of the financial system, assess the macroprudential policies to mitigate their impact and identify the vulnerabilities of the financial system and the economy that may eventually have a significant impact on the development of the financial system. In accordance to their respective mandates, financial authorities participating in the CESF have sufficient powers to obtain the required information from their regulated and/or supervised institutions, financial markets and instruments. In addition, CNBV is empowered to request any information and/or documentation, to conduct an inspection visit or request a hearing from anyone who may contribute to the investigation process. </p> <p> Highlight main developments since last year's survey: The CESF was established in Law (in contrast to its </p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>former standing by Presidential Decree). In addition, the CNBV and Banco de México are members of the Regulatory Oversight Committee of the Global LEI System. Along these lines, the CESF recognised in its 2013 Annual Report that the LEI system will allow the immediate risk aggregation (by market participants) and hence, the financial authorities will be able to assess the macro and micro prudential risks.</p> <p>Web-links to relevant documents: www.cesf.gob.mx is the website of the CESF. The mandate and legal support can be found there, along with the structure of the CESF and the press releases of its meetings. These documents are available in Spanish only.</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
<p>14 (14)</p> <p>(14)</p>	<p>Enhancing system-wide monitoring and the use of macro-prudential instruments</p>	<p>Authorities should use quantitative indicators and/or constraints on leverage and margins as macro-prudential tools for supervisory purposes. Authorities should use quantitative indicators of leverage as guides for policy, both at the institution-specific and at the macro-prudential (system-wide) level... (Rec. 3.1, FSF 2009)</p> <p>We are developing macro-prudential policy frameworks and tools to limit the build-up of risks in the financial sector, building on the ongoing work of the FSB-BIS-IMF on this subject. (Cannes)</p> <p>Authorities should monitor substantial changes in asset prices and their implications for the macro economy and the financial system. (Washington)</p>	<p>Please describe at a high level (including by making reference to financial stability or other public reports, where available) the types of systems, methodologies and processes that have been put in place to identify macroprudential risks, including the analysis of risk transmission channels. Please indicate the use of macroprudential tools in the past two years, including the objective for their use and the process used to select, calibrate, and apply them.</p> <p>See, for reference, the CGFS document on Operationalising the selection and application of macroprudential instruments (Dec 2012).</p> <p>Jurisdictions can also refer to the FSB-IMF-BIS progress report to the G20 on Macroprudential policy tools and frameworks (Oct 2011), and the IMF staff papers on Macroprudential policy, an organizing framework (Mar 2011) and on Key Aspects of Macroprudential policy (Jun 2013).</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation / Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Development of an internal methodology to assess systemic risks and identify Domestic Systemically Important Banks</p> <p>Status of progress :</p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Reform effective (completed) as of: January 10, 2014</p> <p>Short description of the content of the legislation/ regulation/guideline: The CNBV assesses on a monthly basis the</p>	<p>Planned actions (if any): A new methodology is being developed by the CNBV and it will be issued for CNBV's internal use; thus, it will not constitute a public document. It is expected to be finalised by July 2015. This internal methodology will assess systemic risks through a complementary “contagion-phase” approach based on interbank exposures and bilateral limits among banks. It will allow accounting for additional losses from the ones drawn from the initial “shock-phase” approach, developed in 2013. Once it is finalised, it will be added to CNBV's risk matrix to obtain initial data from the banking sector; the methodology will be calibrated, if needed, based on these data. Regarding the development of an operational framework for the Countercyclical Capital Buffer. There is an ongoing discussion at the Basel Committee on some operational issues, and similarly, Mexican financial authorities are completing their own analysis and proposals in order to implement this requirement within the dates mandated by Basel III. A liquidity stress testing framework is being developed through an extensive analysis</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>performance of profitability, liquidity and leverage indicators, specifically it measures the quality of the credit portfolio. Moreover, specific analyses are performed on the credit portfolio (credit cards, payroll, personal loans, commercial, etc.) based on the behaviour of the system’s portfolio in order to identify any problem in the origination and execution systems as well as any potential systemic impairment. Furthermore, in order to foster banks’ resilience to major financial disruptions, specific regulatory improvements were implemented to provide measures to enhance and preserve capital in the lower part of the business cycle or in case of a financial crisis, including a capital buffer.</p> <p>Highlight main developments since last year’s survey: During 2013, the CNBV aimed to assess systemic risk through a “shock-phase” approach . Given the risk factors scenarios, the model would generate profit and loss distributions for each bank’s portfolio and estimate its probability of distress among other risk metrics. A concept for setting a model was developed. The Financial Reform, through the Banking Institutions Law, increased the supervision of those</p>	<p>of the network of interbank exposures.</p> <p>Expected commencement date: Ongoing</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>financial institutions that may pose systemic risk and set the legal basis for implementing the countercyclical capital buffer and capital surcharges for systemic importance. Similarly, Banco de México has developed internal methodologies to identify D-SIBs and to determine the Higher Loss Absorbency Requirement (HLA) as well as other supervisory measures to deal with D-SIBs. The work is in line with the Basel Committee guidelines, it follows the main categories that determine the degree of systemic importance of a bank but, at the same time, it also takes into account the specificities of the Mexican Financial system as well as the information availability. Banco de México performs periodic comprehensive stress tests, both from a “contagion-only idiosyncratic approach”, that include shocks and assessments of market, credit and contagion risks. Even though this framework allows the identification of particular vulnerabilities at system and at institution level, the monitoring of financial intermediaries by itself is not enough; hence it also pays attention to possible linkages to capture potential contagion and spillovers with systemic</p>	

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

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
15 (15)	Improved cooperation between supervisors and central banks	Supervisors and central banks should improve cooperation and the exchange of information including in the assessment of financial stability risks. The exchange of information should be rapid during periods of market strain. (Rec. V.8 , FSF 2008)	Please describe the institutional framework through which information sharing between supervisors and the central bank takes place, e.g. through internal or inter-agency committee or bilateral MoUs. Please also describe any initiative to remove identified obstacles to enhance cooperation and information sharing.	<input type="checkbox"/> Not applicable <input type="checkbox"/> Applicable but no action envisaged at the moment <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> <input checked="" type="checkbox"/> Implementation ongoing or completed : Issue is being addressed through : <input checked="" type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation / Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: Status of progress : <input type="checkbox"/> Draft in preparation, expected publication by: <input type="checkbox"/> Draft published as of: <input type="checkbox"/> Final rule or legislation approved and will come into force on: <input checked="" type="checkbox"/> Reform effective (completed) as of: January 10, 2014 Short description of the content of the legislation/ regulation/guideline: In order to preserve financial stability, prevent disruptions or alterations in the functioning of the financial system or payment systems, MFA shall exchange with each other information in their possession. Such information shall be	Planned actions (if any): The authorities will continue to strengthen the cooperation arrangements in line with the development of international best practices. In addition, the CNBV carries out, on an ongoing basis, an assessment process to identify the need to sign additional MOUs with existing or new authorities. Expected commencement date: Ongoing Web-links to relevant documents:

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>requested and provided only in the exercise of each authority’s statutory powers. As a further coordination mechanism, Banco de México and SHCP are members of the Governing Boards of all financial supervisory authorities and the Bank Savings Protection Institute (Instituto para la Protección al Ahorro Bancario, IPAB). Likewise, CNBV, CONSAR and CNSF have top level representatives on the Governing Boards of each other. Finally, the CNBV is the only supervisory authority that has a seat on the Governing Board of IPAB. In addition, MFA may share information when they attend meetings of both financial stability boards, CESF (with a macroprudential focus) and the Banking Stability Committee (with the aim of determining, in a case-by-case basis, whether a bank’s inability to meet its obligations could pose a systemic risk to the economy). Regarding foreign information sharing regime, some authorities (Banco de México, CNBV, CNSF) are empowered to provide confidential information to foreign financial authorities. Authorities can also provide the information necessary to answer the requests made to them within</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>the scope of their competence and under the applicable provisions, or which they may obtain in the exercise of their powers or acting in coordination with other entities, persons or authorities.</p> <p>Highlight main developments since last year's survey: As part of the January 2014 Financial Reform the powers of the Mexican financial authorities to share information were strengthened.</p> <p>Web-links to relevant documents:</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VI. Improving oversight of credit rating agencies (CRAs)					
16	Enhancing regulation and supervision of CRAs	All CRAs whose ratings are used for regulatory purposes should be subject to a regulatory oversight regime that includes registration. The regulatory oversight regime should be established by end 2009 and should be consistent with the IOSCO Code of Conduct Fundamentals. (London)	Jurisdictions should indicate the policy measures undertaken for enhancing regulation and supervision of CRAs including registration, oversight and sharing of information between national authorities. They should also indicate their consistency with the following IOSCO document:	<input type="checkbox"/> Not applicable <input type="checkbox"/> Applicable but no action envisaged at the moment <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> <input checked="" type="checkbox"/> Implementation ongoing or completed : Issue is being addressed through : <input checked="" type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation / Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: Status of progress : <input type="checkbox"/> Draft in preparation, expected publication by: <input type="checkbox"/> Draft published as of: <input type="checkbox"/> Final rule or legislation approved and will come into force on: <input checked="" type="checkbox"/> Reform effective (completed) as of: July 9, 2014 Short description of the content of the legislation/ regulation/guideline: All CRAs whose ratings are used for regulatory purposes are subject to a regulatory oversight regime that includes, amongst others, their registration. In	If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation: Planned actions (if any): Expected commencement date: Web-links to relevant documents:
(16)		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.	<ul style="list-style-type: none"> • Code of Conduct Fundamentals for Credit Rating Agencies (May 2008) Jurisdictions may also refer to the following IOSCO documents:		
(16)		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.	<ul style="list-style-type: none"> • Principle 22 of Principles and Objectives of Securities Regulation (Jun 2010) which calls for registration and oversight programs for CRAs 		
(16)		The oversight framework should be consistent across jurisdictions with appropriate sharing of information between national authorities, including through IOSCO. (London)	<ul style="list-style-type: none"> • Statement of Principles Regarding the Activities of Credit Rating Agencies (Sep 2003) 		
(16)		Regulators should work together towards appropriate, globally compatible solutions (to conflicting compliance obligations for CRAs) as early as possible in 2010. (FSB 2009)	<ul style="list-style-type: none"> • Final Report on Supervisory Colleges for Credit Rating Agencies (Jul 2013) 		
(New)		We encourage further steps to enhance transparency and competition among credit rating agencies. (St Petersburg)			

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>February 2012, the CNBV issued a rule amending the regime for CRAs which incorporated the IOSCO Code of Conduct. In accordance to IOSCO's recommendations, on February 17, 2012, the CNBV issued new rules for CRAs to amend the Code of Conduct and several rules to strengthen market discipline. Such rules improve transparency within the rating process, enhance the procedures for rating structured products and reduce CRAs' potential conflicts of interest. On July 9, 2014 the CNBV amended the regulation for CRAs with the goal of further strengthening the regulation regarding potential conflicts of interest in municipal debt.</p> <p>Highlight main developments since last year's survey: The Securities Market Law was amended to strengthen the powers for regulating and sanctioning CRAs. The CNBV introduced amendments to the regulatory framework in order to prevent conflicts of interest for CRAs in municipal debt.</p> <p>Web-links to relevant documents: Securities Market Law (LMV): http://www.cnbv.gob.mx/Normatividad/Ley%20del%20Mercado%20de%20Valores.doc Provisions applicable to CRAs:</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>http://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20carácter%20general%20aplicables%20a%20las%20instituciones%20calificadoras%20de%20valores.docx These documents are available in Spanish only.</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
17 (17)	Reducing the reliance on ratings	<p>We also endorsed the FSB’s principles on reducing reliance on external credit ratings. Standard setters, market participants, supervisors and central banks should not rely mechanistically on external credit ratings. (Seoul)</p> <p>Authorities should check that the roles that they have assigned to ratings in regulations and supervisory rules are consistent with the objectives of having investors make independent judgment of risks and perform their own due diligence, and that they do not induce uncritical reliance on credit ratings as a substitute for that independent evaluation. (Rec IV. 8, FSF 2008)</p> <p>We reaffirm our commitment to reduce authorities’ and financial institutions’ reliance on external credit ratings, and call on standard setters, market participants, supervisors and central banks to implement the agreed FSB principles and end practices that rely mechanistically on these ratings. (Cannes)</p> <p>We call for accelerated progress by national authorities and standard setting bodies in ending the mechanistic reliance on credit ratings and encourage steps that</p>	<p>No information on this recommendation will be collected in the current IMN survey since the report of the second stage of the thematic peer review has been published recently [insert link whenever published].</p>		

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
(New)		<p>would enhance transparency of and competition among credit rating agencies. (Los Cabos)</p> <p>We call on national authorities and standard setting bodies to accelerate progress in reducing reliance on credit rating agencies, in accordance with the FSB roadmap. (St Petersburg)</p>			

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VII. Enhancing and aligning accounting standards					
18 (18)	Consistent application of high-quality accounting standards	Regulators, supervisors, and accounting standard setters, as appropriate, should work with each other and the private sector on an ongoing basis to ensure consistent application and enforcement of high-quality accounting standards. (Washington)	<p>Jurisdictions should indicate the accounting standards that they follow and whether (and on what basis) they are deemed to be equivalent to IFRSs as published by the IASB or are otherwise of a high and internationally acceptable quality, and provide accurate and relevant information on financial performance. They should also explain the system they have for enforcement of consistent application of those standards.</p> <p>Jurisdictions may want to refer to their jurisdictional profile prepared by the IFRS Foundation, which can be accessed at: http://www.ifrs.org/Use-around-the-world/Pages/Jurisdiction-profiles.aspx.</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation / Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>CNBV continues monitoring the progress made by the IASB in terms of IFRS 9</p> <p>Status of progress :</p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Reform effective (completed) as of: January 1, 2012</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Effective January 1, 2012, all listed</p>	<p>Planned actions (if any): CNBV is still working with CINIF in the process of convergence with IFRS. CNBV is monitoring the development of IFRS, particularly regarding IFRS 9 “Financial Instruments”.</p> <p>Expected commencement date:</p> <p>Ongoing</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>companies except financial institutions and insurance companies were required to present their financial information according to IFRS, as issued by the IASB. Mexican financial institutions supervised by the CNBV are required to use Mexican Financial Reporting Standards (MFRS), issued by the National Accounting Standards Setter of Mexico (CINIF) plus certain accounting criteria issued by the CNBV. CINIF has a convergence project to eliminate differences between MFRS and IFRS. When completed, CINIF expects that MFRS applied by domestic companies whose securities are not publicly traded will be very similar to IFRS.</p> <p>Highlight main developments since last year's survey:</p> <p>Web-links to relevant documents: Press Release on the IFRS adoption process in Mexico (November 18, 2008): http://www.cnbv.gob.mx/SECTORES-SUPERVISADOS/BURSÁTIL/Boletines-de-Prensa/Prensa%20%20Casas%20de%20Bolsa/11%20DE%20NOVIEMBRE.pdf This document is available in Spanish. IFRS Jurisdiction Profiles – Mexico (Last updated June 5, 2013):</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				http://www.ifrs.org/Use-around-the-world/Documents/Jurisdiction-profiles/Mexico-IFRS-Profile.pdf	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
<p>19 (19)</p> <p>(19)</p>	<p>Appropriate application of Fair Value Accounting</p>	<p>Accounting standard setters and prudential supervisors should examine the use of valuation reserves or adjustments for fair valued financial instruments when data or modelling needed to support their valuation is weak. (Rec. 3.4, FSF 2009)</p> <p>Accounting standard setters and prudential supervisors should examine possible changes to relevant standards to dampen adverse dynamics potentially associated with fair value accounting. Possible ways to reduce this potential impact include the following: (1) Enhancing the accounting model so that the use of fair value accounting is carefully examined for financial instruments of credit intermediaries; (ii) Transfers between financial asset categories; (iii) Simplifying hedge accounting requirements. (Rec 3.5, FSF 2009)</p>	<p>Jurisdictions should indicate the policy measures taken for appropriate application of fair value accounting.</p> <p>See, for reference, the following BCBS documents:</p> <ul style="list-style-type: none"> • <u>Basel 2.5 standards on prudent valuation (Jul 2009)</u> • <u>Supervisory guidance for assessing banks' financial instrument fair value practices (Apr 2009)</u> 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Status of progress :</p> <p><input checked="" type="checkbox"/> Draft in preparation, expected publication by: End of 2014</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Reform effective (completed) as of:</p> <p>Short description of the content of the legislation/ regulation/guideline: The CNBV is working on a project to align its fair value regulation applicable to financial institutions with IFRS 13 “Fair Value”.</p> <p>Highlight main developments since last year’s survey: During 2014, the CNBV</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Planned actions (if any): The CNBV will work throughout 2014 in order to incorporate in its regulation accounting criteria aligned to IFRS 13. It expects to issue a final project by the end of the year.</p> <p>Expected commencement date: Ongoing</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>has been working on a project to incorporate in its regulation accounting criteria aligned to IFRS 13. The current fair value regulation requires the use of values provided by price vendors.</p> <p>Web-links to relevant documents:</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VIII. Enhancing risk management					
20 (20)	Enhancing guidance to strengthen banks' risk management practices, including on liquidity and foreign currency funding risks	Regulators should develop enhanced guidance to strengthen banks' risk management practices, in line with international best practices, and should encourage financial firms to re-examine their internal controls and implement strengthened policies for sound risk management. (Washington)	Jurisdictions should indicate the policy measures taken to enhance guidance to strengthen banks' risk management practices. In particular, please indicate the status of implementation of the following standards:	<input type="checkbox"/> Not applicable <input type="checkbox"/> Applicable but no action envisaged at the moment <i>If "Not applicable" or "Applicable but no action envisaged ..." has been selected, please provide a brief justification:</i> <input checked="" type="checkbox"/> Implementation ongoing or completed :	Planned actions (if any): The final rules on LCR will be issued; the CNBV and Banco de México are conducting the final assessments based on the adoption of the new liquidity standard (LCR). On the other hand, the CNBV is currently working on the harmonisation of its supervisory methodologies, policies, procedures, indicators and tools. This is known as the CNBV's Comprehensive Supervisory Project (Proyecto Integral de Supervisión). This Project comprises all financial sectors under CNBV's regulation and supervision and its main objective is the fostering of CNBV's inspection functions and the enhancement of its supervisory approach. During 2014 the CNBV will continue to work on: • the strengthening of CNBV's risk based supervision, through the harmonisation of its inspection methodologies, procedures and indicators as well as by reinforcing its surveillance activities. • Review and define the scope of the methodology to assess financial entities under the CNBV supervision, considering elements such as
(20)	National supervisors should closely check banks' implementation of the updated guidance on the management and supervision of liquidity as part of their regular supervision. If banks' implementation of the guidance is inadequate, supervisors will take more prescriptive action to improve practices. (Rec. II.10, FSF 2008)	<ul style="list-style-type: none"> • BCBS <u>Basel III: International framework for liquidity risk measurement, standards and monitoring (Dec 2010)</u> • BCBS <u>Principles for sound stress testing practices and supervision (May 2009)</u> 	<input checked="" type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation / Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: CNBV's Comprehensive Supervisory Project		
(20)	Regulators and supervisors in emerging markets ⁶ will enhance their supervision of banks' operation in foreign currency funding markets. (FSB 2009)	Jurisdictions may also refer to FSB's <u>thematic peer review report on risk governance (Feb 2013)</u> and BCBS <u>Peer review of supervisory authorities' implementation of stress testing principles (Apr 2012)</u>	Issue is being addressed through : <input checked="" type="checkbox"/> Draft in preparation, expected publication by: January 1, 2015 <input type="checkbox"/> Draft published as of: <input type="checkbox"/> Final rule or legislation approved and will come into force on:		
(20)	We commit to conduct robust, transparent stress tests as needed. (Pittsburgh)		<input checked="" type="checkbox"/> Reform effective (completed) as of: January 10, 2014. Short description of the content of the		

⁶ Only the emerging market jurisdictions that are members of the FSB may respond to this recommendation.

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>legislation/ regulation/guideline: The Mexican financial authorities have developed a prudential regulatory framework for risk management practices and they reinforced the supervisory oversight functions to complement global supervision requirements. The ongoing work is focusing on: • Provisions for regular stress testing to identify potential risks; • An enhancement of the supervision of internal control processes of banks to reduce the operational legal risks involved on securities trading activities. Regarding the actions taken to strengthen banks’ risk management practices, the CNBV has issued regulation related to: • Internal methodologies to estimate expected losses. •A new methodology for obtaining loan-loss provisioning for commercial loans based on the expected loss of the next 12 months of the loans. • Enhancements to the framework of liquidity risk management which introduces the BCBS Sound Principles for Liquidity Risk Management and Supervision in the regulation. Additionally with the Financial Reform, the Banking Institutions Law introduced the concept of liquidity</p>	<p>their risk appetite, systemic risk, liquidity management, macroprudential issues and specific sector supervision, among others; as well as the establishment of oversight actions related to the level of risk of the entities. • Development of additional metrics, indicators, policies, procedures and tools for liquidity requirements to be provided by the Banking Institutions Law and the CUB for banking institutions. The CNBV expects to conclude this work by the end of 2014. In 2015, the CNBV will be working on the implementation process. The Liquidity Committee developed its guidelines and Mexican financial authorities have finalised a proposal to implement the LCR. This Committee is expected to issue a draft proposal in the following months in order to incorporate this requirement according to the timeline established by the Basel Committee for Banking Supervision.</p> <p>Expected commencement date: LCR Requirements will enter into force on January 1, 2015</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>requirements that must be met by banks and created a Liquidity Committee integrated by the financial authorities. While the secondary regulation to define liquidity requirements must be issued jointly by the CNBV and Banco de México, this Committee is responsible for defining the guidelines for the regulatory liquidity requirements (Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR)). Furthermore, the CNBV and Banco de México have developed templates for collecting the information required to calibrate the LCR as established by the BCBS. Since 2011, the banks have been reporting monthly data to compute the LCR and the NSFR. Regarding foreign currency funding: Since the 90's, Banco de Mexico has issued regulation for foreign currency exposures (although it has undergone several reforms since). Currently, the regulation covers three main areas: i. A requirement of liquid assets to cover net cash outflows during a 60 day period; ii. A limit to the net open position; and iii. A limit to net outflows for the medium term. As a result, banking institutions maintain enough liquid assets to meet their FX obligations and have a sound</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>balance sheet profile in FX. When it comes to stress testing: the CNBV is acting on a three-pronged approach: i. Development of a new agenda for risk management supervision, stress testing the risk governance of banks based on lessons from the recent crisis. ii. A stress test exercise for banks involved on traditional activities. The exercise should allow high level discussions on the bank's capital requirements for the following two years. iii. Development of a framework to conduct systemic risk analysis to address potential contagion among institutions through interbank and derivative exposures. In addition, the CESF coordinates the efforts between Banco de México and the prudential regulator on the design of the stress tests.</p> <p>Highlight main developments since last year's survey: The enhancements to the framework of liquidity risk management consist on new rules for corporate governance and internal controls for liquidity risk within the risk management framework for banks. They were published by the CNBV, taking into account the Principles for Sound Liquidity Risk Management and Supervision of the BCBS.</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>Web-links to relevant documents: General Provisions for Banks (CUB): http://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20carácter%20general%20aplicables%20a%20las%20instituciones%20de%20crédito.docx Available in Spanish only.</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
21 (21)	Efforts to deal with impaired assets and raise additional capital	Our efforts to deal with impaired assets and to encourage the raising of additional capital must continue, where needed. (Pittsburgh)	Jurisdictions should indicate steps taken to reduce impaired assets and encourage additional capital raising. For example, jurisdictions could include here the amount of new equity raised by banks operating in their jurisdictions during 2013. Jurisdictions may also refer to the relevant IMF Financial Soundness Indicators at http://fsi.imf.org/ .	<input type="checkbox"/> Not applicable <input type="checkbox"/> Applicable but no action envisaged at the moment <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> <input checked="" type="checkbox"/> Implementation ongoing or completed : Issue is being addressed through : <input checked="" type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation / Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: Status of progress : <input type="checkbox"/> Draft in preparation, expected publication by: <input type="checkbox"/> Draft published as of: <input type="checkbox"/> Final rule or legislation approved and will come into force on: <input checked="" type="checkbox"/> Reform effective (completed) as of: January 10, 2014 Short description of the content of the legislation/ regulation/guideline: Since January 2013, all banking institutions have to comply with the full capital standards of Basel III. Furthermore, since June 2013, loan loss credit reserves for commercial loans had to be based on an expected loss approach. In terms of the	Planned actions (if any): Regarding the impairment model proposed by IASB in its Exposure Draft issued in March 2013, the CNBV reviewed the expected credit losses approach and is currently assessing the viability of incorporating these new requirements into the Mexican regulatory framework as a minimum requirement for loan loss provisioning Despite the above, the amendment will be made once the IASB issues the final decision on IFRS 9. Expected commencement date: Ongoing Web-links to relevant documents:

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>accounting criteria set by the CNBV for loan recognition and measurement, currently financial institutions should observe the following:</p> <ul style="list-style-type: none"> • An incurred losses model is required for the categorisation of any loan. • The expected losses model is requested for impairment measurement. These accounting criteria imply that: • Initial recognition: the loan is recognised at its cost, ie contractual price, cash lent. Plus transaction costs. • Ongoing recognition of interest: It is recorded as it is accrued on under its contractual terms. Banks assess monthly how the loan is performing. <p>Consequently, loans are presented according to a model of incurred losses that considers the past due days. While it mainly depends on the terms and type of the loan, in general, if the loan is 90 days or more past due, banks must include it into the category of past due loan.</p> <p>Moreover, rules for restructured and renewed loans are set based on incurred events rather than on expected ones.</p> <ul style="list-style-type: none"> • To constitute allowances, banks must assess deterioration under the expected loss model. Institutions should consider a 12-month probability of default and the potential loss given the default for the 	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>carrying amount at the reporting date. The CNBV has developed a specific model for calculation depending on the type of loan (revolving/non revolving retail loans; commercial methodology is still pending) Annex 33 B-6 of the CUB, provides for the accounting recognition rules and methodologies for impairment calculation.</p> <p>Highlight main developments since last year's survey: In January, 2014, the Financial Reform was promulgated and amended most of the laws regarding the financial system. The amendments included raising capital requirements to Basel III standards, thus making them part of the Primary Legislation.</p> <p>Web-links to relevant documents:</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
<p>22 (22)</p> <p>(New)</p>	<p>Enhanced risk disclosures by financial institutions</p>	<p>Financial institutions should provide enhanced risk disclosures in their reporting and disclose all losses on an ongoing basis, consistent with international best practice, as appropriate. (Washington)</p> <p>We encourage further efforts by the public and private sector to enhance financial institutions’ disclosures of the risks they face, including the ongoing work of the Enhanced Disclosure Task Force. (St. Petersburg)</p>	<p>Jurisdictions should indicate the status of implementation of the disclosures requirements of IFRSs (in particular IFRS7 and 13) or equivalent. Jurisdictions may also use as reference the recommendations of the October 2012 report by the Enhanced Disclosure Task Force on Enhancing the Risk Disclosures of Banks and Implementation Progress Report by the EDTF (Aug 2013).</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Status of progress :</p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Reform effective (completed) as of: January 2013 (General Provisions for banks) and January 10 2014 (Banking Institutions Law, LIC)</p> <p>Short description of the content of the legislation/ regulation/guideline: The current prudential regulation (within the comprehensive risk management framework) requires financial institutions to disclose qualitative and quantitative</p>	<p>Planned actions (if any): The CNBV is constantly monitoring international developments on risk management practices and disclosure requirements to align prudential regulation and accounting standards accordingly.</p> <p>Expected commencement date: Ongoing</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>information on credit, liquidity, market and operational (legal and technological) risk exposures and their risk management procedures, including but not limited to: policies, methodologies, VAR, descriptive statistics on credit risk and expected losses. Similarly, accounting standards require financial institutions to disclose impairment and fair value losses on financial assets and financial liabilities (taking into account materiality in the case of interim financial reporting). Furthermore, the CNBV is allowed to require, when needed, further information from financial institutions. Additionally, on January 1, 2013, capitalisation disclosure requirements became effective based on the final BCBS requirements for disclosure purposes.</p> <p>Highlight main developments since last year's survey: In January, 2014, the Financial Reform amended the financial laws to include in the Primary Legislation the enhanced risk disclosure measures mentioned above.</p> <p>Web-links to relevant documents: Banking Institutions Law (LIC): http://www.diputados.gob.mx/LeyesBiblio/pdf/43.pdf General Provisions for Banks (CUB):</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				http://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20carácter%20general%20aplicables%20a%20las%20instituciones%20de%20crédito.docx	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
IX. Strengthening deposit insurance					
23 (23)	Strengthening of national deposit insurance arrangements	National deposit insurance arrangements should be reviewed against the agreed international principles, and authorities should strengthen arrangements where needed. (Rec. VI.9, FSF 2008)	<p>Jurisdictions should describe any revisions made to national deposit insurance system, including steps taken to address the following recommendations of the FSB’s February 2012 thematic peer review report on deposit insurance systems:</p> <ul style="list-style-type: none"> • Adoption of an explicit deposit insurance system (for those who do not have one) • Full implementation of the Core Principles for Effective Deposit Insurance Systems jointly issued by BCBS and IADI in June 2009 (by addressing the weaknesses and gaps identified in peer review) 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Status of progress :</p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Reform effective (completed) as of: January 10, 2014</p> <p>Short description of the content of the legislation/ regulation/guideline: The Bank Savings Protection Institute (Instituto para la Protección al Ahorro Bancario, IPAB) created by the Bank Savings’ Protection Law (LPAB) as a decentralized agency, governed by its own law and with its own budget, is the</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>public agency in charge of managing the bank deposit insurance system, which was created to protect customers insured under the terms and conditions established in the Banking Savings Protection Act. In addition, the IPAB protects those savings belonging to small and mid-level bank depositors and resolves banks with solvency problems at the least possible cost. The Financial Reform enacted in January 2014 introduced new regulation that improves the framework for banking resolution processes. This regulation allows Mexican financial authorities to take all the appropriate measures in order to ensure an orderly and clear exit of a banking institution. The early warnings regime was modified in the Banking Institutions Law, as well as the preventive and corrective measures. A provision for mandatory stress, recovery and resolution plans were also introduced. Furthermore, a judicial settlement scheme was added in order to foresee the intervention of a judge, who in collaboration with the IPAB, allows for a rapid resolution of institutions that do not have enough assets to cover their liabilities.</p>	
				<p>Highlight main developments since last</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>year’s survey: The January 2014 Financial Reform amended the Bank Savings’ Protection Law (LPAB) and the Banking Institutions Law (LIC). These two laws regulate what happens to the deposits when a bank goes into resolution. The amendments to the laws increase the insurance requirements for banking institutions, and improved the legal framework for resolution processes.</p> <p>Web-links to relevant documents: Ley de Protección al Ahorro Bancario (LPAB): http://www.diputados.gob.mx/LeyesBiblio/pdf/62.pdf Banking Institutions Law (LIC): http://www.diputados.gob.mx/LeyesBiblio/pdf/43.pdf</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
X. Safeguarding the integrity and efficiency of financial markets					
24 (24)	Enhancing market integrity and efficiency	We must ensure that markets serve efficient allocation of investments and savings in our economies and do not pose risks to financial stability. To this end, we commit to implement initial recommendations by IOSCO on market integrity and efficiency, including measures to address the risks posed by high frequency trading and dark liquidity, and call for further work by mid-2012. (Cannes)	<p>Jurisdictions should indicate whether high frequency trading and dark pools exist in their national markets.</p> <p>Jurisdictions should indicate the progress made in implementing the recommendation in the following IOSCO reports in their regulatory framework:</p> <ul style="list-style-type: none"> • Report on Regulatory Issues Raised by the Impact of Technological Changes on Market Integrity and Efficiency (Oct 2011); and • Report on Principles for Dark Liquidity (May 2011). 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p>Issue is being addressed through :</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation / Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Since the issuance of the CNBV’s rules for Direct Market Access in the CUCB, the Mexican Securities Exchange has amended its trading rules and other procedures in order to comply with the regulation. Moreover, their internal By-laws have been improved in order to establish better procedures for dealing with technological changes, trading errors (fat fingers for example), and pre-trade checks.</p> <p>Status of progress :</p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p> <input type="checkbox"/> Final rule or legislation approved and will come into force on: <input checked="" type="checkbox"/> Reform effective (completed) as of: September, 2010 </p> <p> Short description of the content of the legislation/ regulation/guideline: On September 10, 2010, the CNBV's rules for Direct Market Access (CUCB) were issued providing the regulatory framework applicable to the direct market access (DMA). These rules provided 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, preemptive disciplinary and corrective measures. The Securities Market Law does not allow the existence of dark pools. The only authorised way to trade shares in Mexico is through securities. </p> <p> Highlight main developments since last year's survey: </p> <p> Web-links to relevant documents: General Provisions for Broker Dealers (CUCB): </p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>http://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20carácter%20general%20aplicables%20a%20las%20casas%20de%20bolsa.docx Securities Market Law (LMV)</p> <p>http://www.cnbv.gob.mx/Normatividad/Ley%20del%20Mercado%20de%20Valores.doc These documents are available in Spanish only.</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
<p>25 (25)</p> <p>(New)</p>	<p>Regulation and supervision of commodity markets</p>	<p>We need to ensure enhanced market transparency, both on cash and financial commodity markets, including OTC, and achieve appropriate regulation and supervision of participants in these markets. Market regulators and authorities should be granted effective intervention powers to address disorderly markets and prevent market abuses. In particular, market regulators should have, and use formal position management powers, including the power to set ex-ante position limits, particularly in the delivery month where appropriate, among other powers of intervention. We call on IOSCO to report on the implementation of its recommendations by the end of 2012. (Cannes)</p> <p>We also call on Finance ministers to monitor on a regular basis the proper implementation of IOSCO’s principles for the regulation and supervision on commodity derivatives markets and encourage broader publishing and unrestricted access to aggregated open interest data. (St. Petersburg)</p>	<p>Jurisdictions should indicate whether commodity markets of any type exist in their national markets.</p> <p>Jurisdictions should indicate the policy measures taken to implement the principles found in IOSCO’s report on Principles for the Regulation and Supervision of Commodity Derivatives Markets (Sep 2011).</p> <p>Jurisdictions, in responding to this recommendation, may also make use of the responses contained in the report published by the IOSCO’s Committee on Commodity Futures Markets based on a survey conducted amongst its members in April 2012 on regulation in commodity derivatives market.</p>	<p><input checked="" type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> Volume of the local commodity derivatives market is negligible. There is only one “commodity” contract traded in the Mexican Derivatives Exchange, which is referred to a contract traded in another market; OTC commodity derivatives are scarcely traded.</p> <p><input type="checkbox"/> Implementation ongoing or completed :</p> <p>Issue is being addressed through :</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Status of progress :</p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Reform effective (completed) as of:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>Highlight main developments since last year's survey:</p> <p>Web-links to relevant documents:</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
26 (New)	Reform of financial benchmarks	We support the establishment of the FSB's Official Sector Steering Group to coordinate work on the necessary reforms of financial benchmarks. We endorse IOSCO's Principles for Financial Benchmarks and look forward to reform as necessary of the benchmarks used internationally in the banking industry and financial markets, consistent with the IOSCO Principles. (St. Petersburg)	Collection of information on this recommendation will be deferred to the 2015 IMN survey given the ongoing policy work in this area, the reviews of interest rate and foreign exchange benchmarks during 2014, and the recent publication of IOSCO's Principles for Financial Benchmarks.		

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
XI. Enhancing financial consumer protection					
27 (27)	Enhancing financial consumer protection	We agree that integration of financial consumer protection policies into regulatory and supervisory frameworks contributes to strengthening financial stability, endorse the FSB report on consumer finance protection and the high level principles on financial consumer protection prepared by the OECD together with the FSB. We will pursue the full application of these principles in our jurisdictions. (Cannes)	<p>Jurisdictions should describe progress toward implementation of the OECD’s G-20 high-level principles on financial consumer protection (Oct 2011).</p> <p>Jurisdictions may also refer to OECD’s update report including the Annex to the report on effective approaches to support the implementation of the High-level Principles based around the following three priority principles:</p> <ul style="list-style-type: none"> • <i>Disclosure and transparency</i> • <i>Responsible business conduct of financial services providers and their authorised agents</i> • <i>Complaints handling and redress</i> 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Status of progress :</p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Reform effective (completed) as of: January 10, 2014</p> <p>Short description of the content of the legislation/ regulation/guideline: The Mexican financial regulation complies with the G20 High Level Principles on Financial Consumer Protection. Moreover, the 2014 Financial Reform strengthened the regulatory framework of the National Commission for Financial</p>	<p>Planned actions (if any): The CNBV will work to enhance the cooperation mechanisms with CONDUSEF which has the authority to put forward conciliatory settlements or act as arbitrator; and to promote financial education programs, in order to strengthen its focus on retail investors whenever financial advice on securities is provided. Through these efforts, the CNBV will provide specific disclosure requirements on complex financial products or services, their characteristics and risks, in order to broaden the provision of investor education programs, as well as to receive information of non-compliance and misconduct cases that harm investors so the CNBV is able to initiate enforcement actions.</p> <p>Expected commencement date: Ongoing</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>Consumer Protection (CONDUSEF) and granted it with additional powers. 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 (investment advice and asset management) and non-advisory services (execution only and general recommendations/securities offering). It also states particular obligations according to the services that financial entities provide, the customer profile and the type of products that are being offered or recommended. Mainly, this regulation comprises the following aspects:</p> <ul style="list-style-type: none"> • Suitability requirements for personal advice or asset management (discretionary accounts), considering that in order to have reasonable basis for that advice, intermediaries must consider customer characteristics (investment objective, financial situation and financial experience); • Information disclosure to investors. This rule allows them to have access to all material information about the products and investments subject of the advice in order to assess the characteristics, risks, 	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>costs and benefits. It sets minimum standards of information to be provided to investors, the characteristics of the advisory or non-advisory services they will receive, the commissions they will pay, and the determination of portfolio returns are to be calculated according to minimum standards, among others.</p> <ul style="list-style-type: none"> • Conflicts of interest and incentives. In order to avoid conflicts of interest when investment services are provided, this rule includes: Prohibitions (maximum limits of issuances distribution specifically when the entity acts as an underwriter or issuer of financial products); policies to mitigate potential conflicts of interest when the distribution is below those limits; particular disclosures when third parties pay to the entity a distribution fee when providing advice. Regarding incentives, for the first time in Mexico, the CNBV is regulating remuneration structures and compensation schemes in three new aspects. • 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 	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>a new independent compliance function was created to verify that every person involved and providing investment services complies with the applicable regulation. In addition, they shall have robust governance arrangements and new responsibilities for the Board of Directors. Finally, with respect to complaints handlings and redress, this regulation requires banks and brokerage firms to provide its customers with an effective complaint mechanism as well as to periodically provide data from consumer complaints to the supervisory agencies. In terms of financial users' complaints monitoring, the CNBV published in 2010, the obligation for all commercial banks, to submit in a quarterly basis through the regulatory report R27, information regarding all and each one of the complaints received by their clients related to credit cards, savings, investments and deposits accounts in every electronic channel that this financial institutions offer them to perform their financial transactions. In 2013, this obligation was extended to development banks. This regulatory report is shared with CONDUSEF for their own purposes and is used by the CNBV to monitor the behaviour of</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>clients and financial institutions.</p> <p>Highlight main developments since last year's survey: In 2013, the CNBV implemented a risk-based surveillance methodology to ensure compliance with the General Provisions for Broker Dealers (CUCB) and to keep conducting enforcement actions against financial entities and its representatives when they have engaged in inadequate sales practices. Moreover, in January 2014, as part of the amendment to several laws considered by the Mexican Financial Reform, the Securities Market Law was modified in order to consider as part of primary regulation the aforementioned principles (suitability on advisory services, management of conflicts of interest, access to material information of financial products, protection of customers for non-advisory and advisory services, compliance functions and development of internal policies and procedures, incentives, and enforcement). The amendments to the Financial Consumer Protection and Transparency Law vested CONDUSEF (Financial ombudsman) with powers to issue recommendations to financial institutions and to publish them, in order to identify activities that deviate from</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>sound practices related to offering of financial services. On top of that, the new powers granted to CONDUSEF include the elimination of abusive clauses and tied sales in contracts, as well as regulation of collection agencies through financial institutions.</p> <p>Web-links to relevant documents: Securities Markets Law (LMV): http://www.cnbv.gob.mx/Normatividad/Ley%20del%20Mercado%20de%20Valores.doc General Provisions for Broker Dealers (CUCB): http://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20carácter%20general%20aplicables%20a%20las%20casas%20de%20bolsa.docx General Provisions for Banks and Broker Dealers on Investment Services (DSI): http://www.cnbv.gob.mx/Normatividad/Disposiciones%20CB%20e%20IC%20en%20materia%20de%20servicios%20de%20inversi%C3%B3n.docx Financial Consumer Protection and Transparency Law: http://www.hacienda.gob.mx/ApartadosHaciendaParaTodos/reformafinanciera/documentos/2014_01_10_mat_shcp2a.pdf These documents are available in Spanish only.</p>	

XII. Source of recommendations:

[St Petersburg: The G20 Leaders' Declaration \(5-6 September 2013\)](#)

[Los Cabos: The G20 Leaders' Declaration \(18-19 June 2012\)](#)

[Cannes: The Cannes Summit Final Declaration \(3-4 November 2011\)](#)

[Seoul: The Seoul Summit Document \(11-12 November 2010\)](#)

[Toronto: The G-20 Toronto Summit Declaration \(26-27 June 2010\)](#)

[Pittsburgh: Leaders' Statement at the Pittsburgh Summit \(25 September 2009\)](#)

[London: The London Summit Declaration on Strengthening the Financial System \(2 April 2009\)](#)

[Washington: The Washington Summit Action Plan to Implement Principles for Reform \(15 November 2008\)](#)

[FSF 2008: The FSF Report on Enhancing Market and Institutional Resilience \(7 April 2008\)](#)

[FSF 2009: The FSF Report on Addressing Procyclicality in the Financial System \(2 April 2009\)](#)

[FSB 2009: The FSB Report on Improving Financial Regulation \(25 September 2009\)](#)

[FSB 2012: The FSB Report on Increasing the Intensity and Effectiveness of SIFI Supervision \(1 November 2012\)](#)

XIII. List of Abbreviations used:

CNBV: National Banking and Securities Commission (Comisión Nacional Bancaria y de Valores)

CNSF: National Insurance and Sureties Commission (Comisión Nacional de Seguros y Fianzas)

CONDUSEF: National Commission for the Protection and Defense of Financial Services Consumers (Comisión Nacional para la Protección y Defensa de los Usuarios de Servicios Financieros)

CESF: Financial System Stability Council (Consejo de Estabilidad del Sistema Financiero)

CINIF: Mexican Financial Reporting Standards Board (Consejo Mexicano de Normas de Información Financiera, A.C.)

CUE: General Provisions for Securities Issuers (Circular Única de Emisoras)

CUB: General Provisions for Banks (Circular Única de Bancos)

CUCB: General Provisions for Broker Dealers (Circular Única de Casas de Bolsa)

DSI: General Provisions for Banks and Broker Dealers on Investment Services (Disposiciones de carácter general aplicables a las casas de bolsa e instituciones de crédito en materia de servicios de inversión)

FSAP: Financial Sector Assessment Program

FSB: Financial Stability Board

FSSC: Financial System Stability Council

IFRS: International Financial Reporting Standards

IPAB: Bank Savings Protection Institute (Instituto para la Protección al Ahorro Bancario)

LEI: Legal Entity Identifier

LFI: Investment Funds Law (Ley de Fondos de Inversión)

IOSCO MMOU IOSCO Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information

LIC: Banking Institutions Law (Ley de Instituciones de Crédito)

LMV: Securities Market Law (Ley del Mercado de Valores)

LGOAAC: Credit Organisations and Ancillary Activities Law (Ley General de Organizaciones y Actividades Auxiliares del Crédito).

LPAB: Bank Savings' Protection Law (Ley de Protección al Ahorro Bancario)

LRAF: Financial Institutions Law (Ley para Regular las Agrupaciones Financieras)

MFA: Mexican Financial Authorities

MFRS: Mexican Financial Reporting Standards

MOU: Memorandum of Understanding

SHCP: Ministry of Finance and Public Credit (Secretaría de Hacienda y Crédito Público)