Jurisdiction: Mexico

2015 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
I.	**Hedge funds**				
1 (2)	Registration, appropriate disclosures and oversight of hedge funds	We also firmly recommitted to work in an internationally consistent and non-discriminatory manner to strengthen regulation and supervision on hedge funds. (Seoul) Hedge funds or their managers will be registered and will be required to disclose appropriate information on an ongoing basis to supervisors or regulators, including on their leverage, necessary for assessment of the systemic risks they pose individually or collectively. Where appropriate registration should be subject to a minimum size. They will be subject to oversight to ensure that they have adequate risk management. (London)	Jurisdictions should indicate the progress made in implementing the high level principles contained in IOSCO's *Report on Hedge Fund Oversight (Jun 2009)*. In particular, jurisdictions should specify whether: - Hedge Funds (HFs) and/or HF managers are subject to mandatory registration - Registered HF managers are subject to appropriate ongoing requirements regarding: • Organisational and operational standards; • Conflicts of interest and other conduct of business rules; • Disclosure to investors; and • Prudential regulation.	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** ☐ **Implementation ongoing:** *Status of progress :* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Final rule (for part of the reform) in force since : ☑ **Implementation completed as of:** 10 January 2014 **Issue is being addressed through :** ☑ Primary / Secondary legislation ☐ Regulation /Guidelines ☑ Other actions (such as supervisory actions), please specify: The Mexican regulatory framework applicable to mutual funds does not specify the requirements (neither the registry) for the management or operation of a hedge fund. Whether these type of entities are structured as trusts or other type of special purpose vehicle, they are allowed to provide services only to institutional or	**If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:** **Planned actions (if any) and expected commencement date:** For those mutual funds that trade derivatives, operators should have in place sound risk management policies. In addition, the CNBV is still 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 shall be registered to be able to make public offerings of their shares. **Web-links to relevant documents:** Not applicable.

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				sophisticated investors, as defined by the Securities Market Law (LMV, for its Spanish acronym). As of today the National Banking and Securities Commission (CNBV, for its acronym in Spanish) has not accepted neither the registry of a publicly offered mutual fund, on the assumption that the entity would act as a hedge fund, nor the possibility to invest in one of them to retail investors. **Short description of the content of the legislation/ regulation/guideline:** Within the registry process for a mutual fund (accordingly with the regulation), the CNBV would require the registry of the fund manager. Other authorized securities firms may be allowed to undertake certain activities of hedge fund management. Other collective investment schemes that are not publicly offered, are exempted to disclose regulatory requirements (i.e. financial information or regulatory reports to the CNBV). However, risks posed by hedge funds operating separately in Mexico are mitigated by the CNBV through the access to investors' accounts at regulated financial firms. **Highlight main developments since last**	

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				year's survey: Not applicable. **Web-links to relevant documents:** Securities Markets Law (LMV, for its acronym in Spanish). http://www.cnbv.gob.mx/Normatividad/Ley%20del%20Mercado%20de%20Valores.pdf Mutual Funds Law (LFI, for its acronym in Spanish) http://www.cnbv.gob.mx/Normatividad/Ley%20de%20Fondos%20de%20Inversión.pdf Provisions for Mutual Funds (CUFI, for its acronym in Spanish) http://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20carácter%20general%20aplicables%20a%20los%20fondos%20de%20inversión%20y%20a%20las%20personas%20que%20les%20prestan%20servicios.pdf **Additional questions:** **1. Please indicate whether Hedge Funds (HFs) are domiciled locally and, if available, the size of the industry in terms of Assets under Management and number of HFs.** Not applicable. **2. Please specify the main criteria and numerical thresholds (if applicable) for subjecting HFs and/or HF managers to mandatory registration.**	

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				Not applicable. **3. Please specify whether registered HF managers are subject to ongoing requirements regarding organisational and operational standards; conflicts of interest and other conduct of business rules; disclosure to investors; and prudential regulation. If any of these requirements are not applicable, please explain.** Not applicable. **4. Please describe the main challenges (where relevant) and any lessons learned in implementing this reform.** Not applicable. 5. **Are you monitoring the effects of this reform in your jurisdiction? If yes, please share the main findings and any related policy initiatives in response to those findings.** No.	

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2 (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)	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. In addition, jurisdictions should state whether they are: - 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.*	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** ☐ **Implementation ongoing:** *Status of progress:* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Final rule (for part of the reform) in force since : ☑ **Implementation completed as of:** 10 January 2014 **Issue is being addressed through :** ☑ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Short description of the content of the legislation/ regulation/guideline:** As a part of the Mexican Financial Reform enacted in January 2014, under the LMV and the Investment Fund Law (LFI, for its Spanish acronym), the Ministry of Finance and Public Credit (SHCP), the CNBV and the Banco of México are entitled to share information (e.g. documents, registries, declarations and any other evidence) with relevant	**If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:** Not applicable. **Planned actions (if any) and expected commencement date:** The CNBV carries out an on-going assessment on any potential need to enter into a MoU with different foreign financial authorities. No planned actions are pending. **Web-links to relevant documents:** Not applicable.

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				financial authorities with which Mexican authorities have signed an MoU. The CNBV became a signatory to the IOSCO MMOU on 14 March 2003. In addition, the CNBV has in place memoranda of understanding with several European financial authorities under the AIFMD framework. **Highlight main developments since last year's survey:** **Web-links to relevant documents:** IOSCO MMoU list of current signatories https://www.iosco.org/about/?subSection=mmou&subSection1=signatories	

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3 (4)	Enhancing counterparty risk management	Supervisors should require that institutions which have hedge funds as their counterparties have effective risk management, including mechanisms to monitor the funds' leverage and set limits for single counterparty exposures. (London) Supervisors will strengthen their existing guidance on the management of exposures to leveraged counterparties. (Rec. II.17, FSF 2008)	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. In particular, jurisdictions should indicate whether they have implemented 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. For further reference, see also the following documents : • BCBS *Sound Practices for Banks' Interactions with Highly Leveraged Institutions (Jan 1999)* • BCBS *Banks' Interactions with Highly Leveraged Institutions (Jan 1999)*	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** ☐ **Implementation ongoing:** *Status of progress:* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Final rule (for part of the reform) in force since : ☑ **Implementation completed as of:** 10 October 2015 **Issue is being addressed through :** ☑ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Short description of the content of the legislation/ regulation/guideline:** 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 adapt the law to new scenarios. In 2014, the Primary and Secondary legislation	**Planned actions (if any) and expected commencement date:** No planned actions are pending. **Web-links to relevant documents:** Not applicable.

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				were provided with increased flexibility so they could promptly adapt to new scenarios and financial schemes. The current capital rules in Mexico for credit institutions establish that holdings of shares in investment funds (including hedge funds) that are not listed in a stock exchange or when the institution holds less than 15 percent of the equity of the investment funds, must be broken down into its underlying positions, considering the participation of the institution in such investment companies and treat these positions as if they were held directly by the credit institutions. Listed holdings of shares in investment funds when credit institutions hold more than 15 percent of the shares of the investment funds must be deducted from the CET1. Currently, none of the three approaches nor the leverage effect, pointed out in the Basel Framework regarding capital requirements for banks' equity investments in funds are fully reflected in the current provisions. **Highlight main developments since last year's survey:** The CNBV amended its regulatory framework to strengthen Pillar I capital adequacy rules in relation to counterparty	

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				credit risks according to the Basel framework. The complete regulation was deemed by the BCBS as compliant with such framework in March 2015. **Web-links to relevant documents:** Provisions for Credit Institutions (CUB, for its acronym in Spanish) http://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20carácter%20general%20aplicables%20a%20las%20instituciones%20de%20crédito.pdf Provisions for Investment Services http://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20carácter%20general%20aplicables%20a%20las%20entidades%20financieras%20y%20demás%20personas%20que%20proporcionen%20servicios%20de.pdf Provisions for Broker-Dealers (CUCB, for its acronym in Spanish) http://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20carácter%20general%20aplicables%20a%20las%20casas%20de%20bolsa.pdf	

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II. Securitisation					
4 (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)	Jurisdictions should indicate the policy measures taken for strengthening the regulatory and capital framework for monolines. See, for reference, the following principles issued by IAIS: • ICP 13 – Reinsurance and Other Forms of Risk Transfer; • ICP 15 – Investments; and • ICP 17 - Capital Adequacy. Jurisdictions may also refer to: • IAIS *Guidance paper on enterprise risk management for capital adequacy and solvency purposes (Oct 2008).* • Joint Forum document on *Mortgage insurance: market structure, underwriting cycle and policy implications (Aug2013).*	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** ☐ **Implementation ongoing:** *Status of progress:* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Final rule (for part of the reform) in force since : ☑ **Implementation completed as of:** 4 April 2015 **Issue is being addressed through :** ☑ Primary / Secondary legislation ☑ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Short description of the content of the legislation/ regulation/guideline:** The new Law of Insurance and Surety Institutions, which entered into force on 4 April 2013, provides additional guidance for strengthening the supervision of these institutions regarding corporate governance practices, risk management, capital requirements, transparency and	**Planned actions (if any) and expected commencement date:** Regarding solvency capital requirements (SCR), during the second half of 2015 the 5th Quantitative Impact Study (EIQ-5) will be completed, in order to improve the calibration of the models used as part of the Standard Model for the SCR calculation. **Web-links to relevant documents:** Not applicable.

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II. Securitisation					
				public disclosure as a mechanism to enhance market discipline. In particular for monoline insurers, the new regulation strengthens capital requirements and improves the treatment for counterparty risks. Monolines in Mexico are subject to specific rules established in the Secondary Regulation. **Highlight main developments since last year's survey:** The Law of Insurance and Surety Institutions (LISF, for its acronym in Spanish) entered into force on 4 April 2013. Secondary regulation derived from the new Law was published in the Official Gazette on 19 December 2014. The secondary regulation entered into force on 4 April 2015. It comprises all the regulatory measures that are in force since 4 April 2015. It also states that the implementation of the Technical provisions based on BEL methods and risk margin, and the Standard model for the calculation of the solvency capital requirements (SCR) will take effect in January 2016. During the second half of 2014 the third round of quantitative and qualitative impact studies was completed	

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II. Securitisation					
				in order to measure the impact on insurers of the implementation of the new law for corporate governance and capital requirements. Moreover, a fourth quantitative impact study was started at the end of 2014. **Web-links to relevant documents:** Law of Insurance and Surety Institutions (LISF) http://www.diputados.gob.mx/LeyesBiblio/pdf/LISF.pdf Provisions for Insurance and Surety Institutions http://www.cnsf.gob.mx/Normativa/Paginas/Circular-Unica-Seguros-Fianzas.aspx	

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5 (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)	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. Jurisdictions may reference IOSCO's report on *Good Practices in Relation to Investment Managers´ Due Diligence When Investing in Structured Finance Instruments (Jul 2009).* Jurisdictions may also refer to the Joint Forum report on *Credit Risk Transfer-Developments from 2005-2007 (Jul 2008).*	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** ☐ **Implementation ongoing:** *Status of progress:* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Final rule (for part of the reform) in force since : ☑ **Implementation completed as of:** December 2010 **Issue is being addressed through :** ☑ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Short description of the content of the legislation/ regulation/guideline:** According to the LMV, financial entities will be responsible for information disclosure to consumers through the Committee of Financial Product Analysis. This committee is in charge of such analysis whenever financial products are used to provide investment advice (advisory services) and general recommendations (non-advisory	**If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:** **Planned actions (if any) and expected commencement date:** Not applicable. **Web-links to relevant documents:** Not applicable.

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				services). In advisory services, financial products must, among others, be analysed in order to determine the kind of customer it may be suitable for through know-your-product obligations (including particular requirements for distribution of complex financial products). Regarding non-advisory services, information disclosed to investors must include the financial product main characteristics, investment horizon, secondary market, commissions, risks, and warnings about past performance. On-Site and Off-Site supervision that assess the procedures and actions that will be implemented by the entities in order to comply with the rules was also approved. It is important to consider that new sales practice requirements, obligations and new sanction/fines regime for business conduct were provided in the LMV as part of the 2014 financial reform. Financial institutions and investment advisors are subject to "know your product" standards (including structure, risks and operational characteristics of complex financial products); that is, they must know properly the financial products they offer, in order to determine the type of clients for whom they are	

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				suitable. Equity and debt funds may invest in structured products as long as these securities are: - Aligned to the type of fund and set in their investment regime. - In case of debt funds, these securities shall have a guaranteed capital and a minimum return. - Disclose the credit, market and liquidity risks for investing in these securities in their prospectus. - The investment management company has personnel specialized in trading these types of assets. - The investment management company has in place proper risk policies and procedures to measure monitor and control risks inherent to these securities. - The investment management company declares it is aware and responsible for the decision taken and has considered: i) the characteristics of the security; ii) the risks the security has; iii) the expected cash flows, and iv) the security is aligned to the fund's investment regime. **Highlight main developments since last year's survey:** The CNBV modified the regulation for advisory and non-advisory financial services applicable to banks and brokerage firms in January 2015, to extend this rules to mutual funds	

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				managers and distributors, and investment advisers. Financial entities and investment advisers will be responsible for disclosing information to consumers. Provisions for Investment Services will enter into force on 1 October 2015. **Web-links to relevant documents:** LFI http://www.cnbv.gob.mx/Normatividad/Ley%20de%20Fondos%20de%20Inversión.pdf Mutual Funds Provisions (CUFI) http://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20carácter%20general%20aplicables%20a%20los%20fondos%20de%20inversión%20y%20a%20las%20personas%20que%20les%20prestan%20servicios.pdf Provisions for Investment Services http://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20carácter%20general%20aplicables%20a%20las%20entidades%20financieras%20y%20demás%20personas%20que%20proporcionen%20servicios%20de.pdf	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
6 (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)	Jurisdictions should indicate the policy measures taken for enhancing disclosure of securitised products. 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)*.	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** ☐ **Implementation ongoing:** *Status of progress:* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Final rule (for part of the reform) in force since : ☑ **Implementation completed as of:** 1 October 2015 **Issue is being addressed through :** ☑ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Short description of the content of the legislation/ regulation/guideline:** Following Pillar 3 of the Basel Accord, domestic regulation regarding securitization disclosure was amended in December 2014. These changes included quantitative and qualitative disclosure requirements regarding the objectives of the securitization, inherent risks, positions and exposures hold by the institutions, losses by exposure type,	**If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:** **Planned actions (if any) and expected commencement date:** Not applicable. **Web-links to relevant documents:** Not applicable.

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				among others. **Highlight main developments since last year's survey:** **Web-links to relevant documents:** CUB http://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20carácter%20general%20aplicables%20a%20las%20instituciones%20de%20crédito.pdf	

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III.	**Enhancing supervision**				
7 (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)	Jurisdictions should indicate: (1) whether they have identified domestic SIFIs and, if so, in which sectors; (2) whether the names of the identified SIFIs have been publicly disclosed; and (3) the types of policy measures taken for implementing consistent, consolidated supervision and regulation of the identified SIFIs. See, for reference, the following documents: BCBS: • *Framework for G-SIBs (Jul 2013)* • *Framework for D-SIBs (Oct 2012)* • *BCP 12 (Sep 2012)* IAIS: • *Global Systemically Important Insurers: Policy Measures (Jul 2013)* • *ICP 23– Group wide supervision* FSB: • *Framework for addressing SIFIs (Nov 2011)*	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** ☑ **Implementation ongoing:** *Status of progress:* ☑ Draft in preparation, expected publication by: 1 January 2016 ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☑ Final rule (for part of the reform) in force since : 10 January 2014 ☐ **Implementation completed as of:** **Issue is being addressed through :** ☑ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Short description of the content of the legislation/ regulation/guideline:** In August, 2010, the Mexican Financial System Stability Council (CESF, for its acronym in Spanish) was established to assess potential systemic risks arising from the failure of commercial banks and to determine the most effective resolution method. In January, 2014, as part of the Financial Reform the Mexican authorities	**Planned actions (if any) and expected commencement date:** As a consequence of the financial reform introduced in January 2014, Mexican authorities have the power to identify SIFIs and to impose capital surcharges to such institutions. CNBV and Banxico are working on the secondary regulation to complete the implementation of this initiative which should be completed before the end of the year, in time for implementation according to the agreed timeline established by the BCBS. 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 and additional reserves, among other factors. Thereafter, based on this methodology, the drafting of a new regulation applicable to Domestic Systemically Important Institutions could be considered. **Web-links to relevant documents:**

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				were given the power to identify SIFIs and to impose capital surcharges to such institutions..Moreover, the amendments made to the Law to Regulate Financial Groups (LRAF, for is acronym in Spanish), 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, it was granted powers to impose capital surcharges for institutions that could constitute a systemic risk. In terms of banks, however, the development of the framework for domestic SIBs as well as the determination of the HLA requirement is still a work in progress that it is expected to be finished before next year (Basel Committee rules state that January 1st 2016 is the required starting time for these measures). **Highlight main developments since last year's survey:** During 2014, the CNBV developed a systemic risk internal model based on a "shock-phase" approach: the distribution of gains and losses in the banking system through different points in time, upon the identification of relevant risk factors for	Not applicable.

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				both trading and credit portfolios, the specification of the distribution of risk factors, and the drawing of risk factor changes (or shocks) from this distribution. Given the risk factors scenarios, the model generates profit and loss distributions for each bank portfolio and estimates its probability of distress among other risk metrics. In addition, a "contagion phase" was also developed during 2014. Given that an institution is under distress and based on their inter-financial exposures, an assessment of the impact in the financial system can be performed. The model has been implemented and is considered within CNBV's Risk platform. First results were generated for all the banks. Banco de México has performed similar tests during at least, the last 4 years. The approach is "bottom-up-performed-by-the-authority", that is, detailed information is used, but based on regulatory information. Hence, tests and results are obtained based on the same modelling strategy, without having a direct input from banks in the computations. The details of the	

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				methodology of Banco de México are available in the Financial System Report, but they are very similar to what was described above. On top of the above, there are refinements, consistency checks and improvements to the methodology on a yearly basis. A recalibration and testing of the model will be conducted during 2015. In addition, the methodology developed by the Basel Committee on Banking Supervision to identify systemically important banks (SIBs) is being adapted and applied to the Mexican credit institutions, and the CNBV is working in the calibration and definition of indicators. **Web-links to relevant documents:** Mexican Council for Financial System Stability (CESF, for its acronym in Spanish) http://www.cesf.gob.mx/es/CESF/home Law to Regulate Financial Groups (LARF, for is acronym in Spanish) http://www.cnbv.gob.mx/Normatividad/Ley%20para%20Regular%20las%20Agrupaciones%20Financieras.pdf Financial System Reports (2010): http://www.banxico.org.mx/publicaciones-y-discursos/publicaciones/informes-periodicos/reporte-sf/%7B3B7A644D-B9E4-4739-C110-F9DC49BC7E6F%7D.pdf Financial System Report (2013)	

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				http://www.banxico.org.mx/publicaciones-y-discursos/publicaciones/informes-periodicos/reporte-sf/%7BCE284A71-335F-95DE-FE82-5C0A8239CF44%7D.pdf Financial System Report (2014—in Spanish). http://www.banxico.org.mx/publicaciones-y-discursos/publicaciones/informes-periodicos/reporte-sf/%7BD65B2A12-08BF-ED51-33B6-9AECB09DED2E%7D.pdf	

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8 (10)	Establishing supervisory colleges and conducting risk assessments	To establish the remaining supervisory colleges for significant cross-border firms by June 2009. (London) We agreed to conduct rigorous risk assessment on these firms [G-SIFIs] through international supervisory colleges. (Seoul)	Reporting in this area should be undertaken solely by home jurisdictions of G-SIBs and G-SIIs. Please indicate the progress made in establishing and strengthening the functioning of supervisory colleges for G-SIBs and G-SIIs using, as reference, the following documents: BCBS: • Principle 13 of the BCBS *Core Principles for Effective Banking Supervision (Sep 2012)* • *Principles for effective supervisory colleges (Jun 2014)* IAIS : • *ICP 25 and Guidance 25.1.1 – 25.1.6 on establishment of supervisory colleges* • *Guidance 25.6.20 and 25.8.16 on risk assessments by supervisory colleges* • *Application paper on supervisory colleges (Oct 2014)*	☑ **Not applicable** Mexico is not home to any significant cross-border financial firms. ☐ **Applicable but no action envisaged at the moment** ☐ **Implementation ongoing:** *Status of progress :* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Final rule (for part of the reform) in force since : ☐ **Implementation completed as of:** **Issue is being addressed through :** ☐ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Short description of the content of the legislation/ regulation/guideline:** **Highlight main developments since last year's survey:** **Web-links to relevant documents:** **Additional questions:** **1. Please indicate whether supervisory colleges for all G-SIBs/G-SIIs headquartered in your jurisdiction have been established. If not, please**	**If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:** **Planned actions (if any) and expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				explain. **2. Please indicate the structure of the supervisory colleges for G-SIBs/G-SIIs in your jurisdiction (core, universal, other) and the reasons why it may differ across firms.** **3. Please indicate the frequency of meetings over the past year of the supervisory colleges (core, universal, other) for G-SIBs/G-SIIs in your jurisdiction.** **4. Please describe the main objectives of supervisory colleges for G-SIBs/G-SIIs in your jurisdiction and the types of issues that have been discussed over the past year. (e.g. specific area(s) of risk, coordinated risk assessments, joint supervisory work, coordinated supervisory plans). In your response, please indicate briefly some of the main challenges in conducting joint risk assessments and steps taken to address them.** 5. **Please describe the main challenges in the functioning of supervisory colleges for G-SIBs/G-SIIs in your jurisdiction and any plans to enhance the effectiveness of colleges.**	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
9 (11)	Supervisory exchange of information and coordination	To quicken supervisory responsiveness to developments that have a common effect across a number of institutions, supervisory exchange of information and coordination in the development of best practice benchmarks should be improved at both national and international levels. (Rec V.7 , FSF 2008) Enhance the effectiveness of core supervisory colleges. (FSB 2012)	Jurisdictions should include any feedback received from recent FSAPs/ROSC assessments on the September 2012 BCP 3 (Cooperation and collaboration) and BCP 14 (Home-host relationships). Jurisdictions should also indicate any steps taken since the last assessment in this area, particularly in response to relevant FSAP/ROSC recommendations. Jurisdictions should describe any recent or planned regulatory, supervisory or legislative changes that contribute to the sharing of supervisory information (e.g. within supervisory colleges or via bilateral or multilateral MoUs).	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** ☐ **Implementation ongoing:** *Status of progress:* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Final rule (for part of the reform) in force since : ☑ **Implementation completed as of:** 10 January 2014 **Issue is being addressed through :** ☑ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Short description of the content of the legislation/ regulation/guideline:** The Financial Reform, passed in January 2014, included the appropriate amendments to the Credit 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.	**Planned actions (if any) and expected commencement date:** The CNBV is permanently assessing its needs to expand its platform for international cooperation and the exchange of information (MOUs) with foreign authorities. **Web-links to relevant documents:** Not applicable.

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				In addition, the reform provided powers to Banco de México to enter into agreements with foreign authorities for the exchange of information. According to the Article 258 of the LMV and the Articles 143 of the LIC (which were amended in January 2014), the CNBV is entitled to exchange information for supervisory and/or enforcement cooperation activities with domestic financial authorities. Specific coordination mechanisms are in place for this purpose. Furthermore, in terms of international cooperation, under these laws, the CNBV, as well as the Ministry of Finance (SHCP), the IPAB, the Banco de México, and the CONDUSEF (National Commission for the Protection of Users of Financial Services) are also empowered for exchanging information and to cooperate with foreign authorities for supervisory and enforcement purposes. These activities shall be carried out subject to the existence of MoU previously signed between such national authorities and foreign financial authorities involved in the cooperation activities. Additionally, the CNBV and the Banco de México are the only authorities empowered to exchange	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				confidential information directly with foreign financial authorities. In the case of the CNBV, it has in place a vast network of bilateral MoUs signed with its banking, securities and derivatives foreign counterparts. The Commission is also a signatory of the IOSCO MMoU since 14 March 2003. **Highlight main developments since last year's survey:** The CNBV is participating in the supervisory colleges of some G-SIBs and recently the European Union granted regulatory equivalence to Mexico (which is a requirement for participation in supervisory colleges coordinated by the European Banking Authority and the European Central Bank. The CNBV is also moving forward in expanding its platform for international cooperation and the exchange of information (MOUs) with foreign authorities that are home to G-SIBs. The CNBV is also moving forward in adopting a G-SIB cooperation agreement. **Web-links to relevant documents:** LMV http://www.cnbv.gob.mx/Normatividad/Ley%20del%20Mercado%20de%20Valores.pdf Credit Institutions Law (LIC, for its	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				acronym in Spanish) http://www.diputados.gob.mx/LeyesBiblio/pdf/43.pdf	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
10 (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) Supervisors should see that they have the requisite resources and expertise to oversee the risks associated with financial innovation and to ensure that firms they supervise have the capacity to understand and manage the risks. (FSF 2008) Supervisory authorities should continually re-assess their resource needs; for example, interacting with and assessing Boards require particular skills, experience and adequate level of seniority. (Rec. 3, FSB 2012)	No information on this recommendation will be collected in the current IMN survey due to the recent publication of the FSB thematic peer review report on supervisory frameworks and approaches to SIBs.		

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
IV.	**Building and implementing macroprudential frameworks and tools**				
11 (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[1] and private pools of capital to limit the build up of systemic risk. (London) Ensure that national regulators possess the powers for gathering relevant information on all material financial institutions, markets and instruments in order to assess the potential for failure or severe stress to contribute to systemic risk. This will be done in close coordination at international level in order to achieve as much consistency as possible across jurisdictions. (London)	Please describe major changes in the institutional arrangements for macroprudential policy (structures, mandates, powers, reporting etc.) that have taken place since the financial crisis, including over the past year. Please indicate whether an assessment has been conducted with respect to the adequacy of powers to collect and share relevant information among different authorities on financial institutions, markets and instruments to assess the potential for systemic risk. If so, please describe identified gaps in the powers to collect information, and whether any follow-up actions have been taken.	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** ☐ **Implementation ongoing:** *Status of progress :* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Final rule (for part of the reform) in force since: ☑ **Implementation completed as of:** 10 January 2014 **Issue is being addressed through :** ☑ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Short description of the content of the legislation/ regulation/guideline:** The Mexican Financial System Stability Council (CESF, for its acronym in Spanish) was established in the LRAF to identify risks that may disrupt the	**Planned actions (if any) and expected commencement date:** No further actions are envisaged at the moment. Nevertheless, the CNBV and the Banco de México will continue to work on the Legal Entity Identifier (LEI) projects. **Web-links to relevant documents:** Not applicable.

[1] 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
				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, the 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. The CESF has as its members the SHCP, the CNBV, the Commission for Insurance and Sureties (CNSF, for its acronym in Spanish), the Commission for Pension Funds (CONSAR, for its acronym in Spanish), the Banking Savings Deposit Institute (IPAB, for its acronym in Spanish) and the Banco de México. The Chair of the CESF is the SHCP and the Secretariat is held by the Banco de México. Financial authorities are empowered to collect information from their regulated and supervised entities. This information can be shared among authorities, under each authority’s mandate and through domestic coordination mechanisms that are in place for this purpose. In addition,	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				every financial law clearly states the coordination and sharing of information that shall take place for supervisory and/or enforcement purposes. It is important to mention that although the CESF plays a key role in the conduction of systemic risk assessments and in coordinating the actions of different authorities, the authorities in charge of deploying macroprudential tools are the authorities which are the members of the CESF acting according to their respective mandates and within their powers. **Highlight main developments since last year's survey:** Not applicable. **Web-links to relevant documents:** CESF http://www.cesf.gob.mx/es/CESF/home **Additional questions:** **1. Please describe the institutional arrangements for financial stability and macroprudential policy in your jurisdiction, including whether a macroprudential authority has been explicitly identified and the respective roles and responsibilities of the central bank and other authorities.** Mexico' institutional arrangement for	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				financial stability and macroprudential policy is the CESF, that is comprised by financial authorities and supported by working groups developed to conduct periodical analysis and research and to identify potential systemic risks. The CNBV assesses the performance of profitability, liquidity and leverage indicators on a monthly basis. 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 problems in the origination and execution systems as well as any potential systemic impairment. Banco de México, in periodic risk analysis and stress testing, assesses the vulnerability of the financial system to different potential adverse scenarios. It also reviews several indicators periodically. Whenever there could be reasons of concern, these results can be discussed within the CESF. **2. If a macroprudential authority has been explicitly identified in your jurisdiction, please describe its legal basis, mandate, composition, powers (warnings, recommendations, prudential tools, powers of direction, other) and accountability arrangements. Who provides the**	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				resources and analytical support for the authority's activities? There is no macroprudential authority in Mexico but an inter-agency body on financial stability/macroprudential matters, the CESF. The CESF was originally created by Presidential Decree, but it was included in Law in January 2014. See the description of its membership below. **3. Is there an inter-agency body on financial stability or macroprudential matters – distinct from the designated macroprudential authority – in your jurisdiction? If so, please describe its legal basis, mandate, composition, powers and accountability arrangements. Who provides the resources and analytical support for its activities?** The CESF was established in the LRAF 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, the financial authorities participating in the CESF have sufficient powers to obtain the required	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				information from their regulated and/or supervised institutions, financial markets and instruments. The CESF has as its members the SHCP, the CNBV, the Commission for Insurance and Sureties (CNSF, for its acronym in Spanish), the Commission for Pension Funds (CONSAR, for its acronym in Spanish), the Banking Savings Deposit Institute (IPAB, for its acronym in Spanish) and the Banco de México. **4. Please describe the extent to which the macroprudential authority (or other relevant body) is able to collect information on material financial institutions, markets and instruments in order to assess potential systemic risks. In your response, please indicate whether the authorities involved in systemic risk monitoring have specific legal powers to collect information from financial institutions (whether regulated or not) for financial stability purposes, and whether there exist dedicated information gateways (e.g. Memorandum of Understanding) to share such information among relevant authorities.** Financial authorities are empowered to collect information from their regulated and supervised entities. This information can be shared among authorities, under each authority's mandate and through domestic coordination mechanisms that	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				are in place for this purpose (memoranda of understanding as well as a guidelines for the sharing of information). In addition, every financial law clearly states the coordination and sharing of information that shall take place for supervisory and/or enforcement purposes. It is important to mention that although the CESF plays a key role in the conduction of systemic risk assessments and in coordinating the actions of different authorities, the authorities in charge of deploying macroprudential tools are the authorities which are the members of the CESF acting according to their respective mandates and within their powers.	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
12 (14)	Enhancing system-wide monitoring and the use of macro-prudential instruments	Authorities should use quantitative indicators and/or constraints on leverage and margins as macro-prudential tools for supervisory purposes. Authorities should use quantitative indicators of leverage as guides for policy, both at the institution-specific and at the macro-prudential (system-wide) level…(Rec. 3.1, FSF 2009) We are developing macro-prudential policy frameworks and tools to limit the build-up of risks in the financial sector, building on the ongoing work of the FSB-BIS-IMF on this subject. (Cannes) Authorities should monitor substantial changes in asset prices and their implications for the macro economy and the financial system. (Washington)	Please describe at a high level (including by making reference to financial stability or other reports, where available) the types of methodologies, indicators and tools used to assess systemic risks. Please indicate the use of macroprudential tools in the past year, including the objective for their use and the process used to select, calibrate, and apply them. See, for reference, the following documents: • CGFS report on *Operationalising the selection and application of macroprudential instruments (Dec 2012)* • FSB-IMF-BIS progress report to the G20 on *Macroprudential policy tools and frameworks (Oct 2011)* • IMF staff papers on *Macroprudential policy, an organizing framework (Mar 2011)*, *Key Aspects of Macroprudential policy (Jun 2013)*, and *Staff Guidance on Macroprudential Policy (Dec 2014)*	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** ☑ **Implementation ongoing:** *Status of progress :* ☑ Draft in preparation, expected publication by: 1 January 2016 ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☑ Final rule (for part of the reform) in force since: 10 January 2014 ☐ **Implementation completed as of:** **Issue is being addressed through :** ☑ Primary / Secondary legislation ☐ Regulation /Guidelines ☑ Other actions (such as supervisory actions), please specify: Development of internal methodologies to assess systemic risk and determination of domestic systemically important financial institutions. **Short description of the content of the legislation/ regulation/guideline:** The Mexican Financial System Stability Council (CESF, for its acronym in Spanish) is comprised of the main financial authorities and supported by working groups developed to conduct	**Planned actions (if any) and expected commencement date:** Testing model's outputs and recalibrate it, if needed. Expected for December 2015. Developing and publishing the Leverage Ratio rules. Developing and publishing D-SIBs framework. Instrumenting the CCB. **Web-links to relevant documents:** Not applicable.

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				periodical analysis and research, as well asto identify potential systemic risks. The CESF has analyzed the use of macroprudential tools used in other jurisdictions. It has also identified a number of instruments currently in use in Mexico for microprudential objectives that could be easily used for macroprudential purposes. The macroprudential measures implemented during the last two years include: limits on interbank exposures; limits on lending to related parties and rules for sale and transfer of operations between related parties (e.g. transfer or sale of credit portfolios). Within the CESF, a working group was established to develop metrics and design indicators to measure systemic risk (including a simple, non-risk based leverage measure). Such works include the assessment of micro and macro prudential indicators to identify and to assess risks building up in the financial system. The CNBV assesses the performance of profitability, liquidity and leverage indicators on a monthly basis. Moreover, specific analyses are performed on the credit portfolio (credit cards, payroll, personal loans, commercial, etc.) based on the behaviour	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				of the system's portfolio in order to identify any problems in the origination and execution systems as well as any potential systemic impairment. Banco de México, in periodic risk analysis and stress testing, assesses the vulnerability of the financial system to different potential adverse scenarios. It also reviews several indicators periodically. When Banco de México finds potential threats to the stability of the financial system while conducting these analyses, they present the results to the CESF in order to assess the magnitude of the risk. Furthermore, in order to foster banks' resilience to major financial disruptions, specific regulatory improvements were implemented. These developments provide measures to enhance and preserve capital in the lower cycle or in case of a financial crisis, including a capital buffer **Highlight main developments since last year's survey:** During 2014, the CNBV developed a systemic risk model based on a "shock-phase" approach: the distribution of gains and losses in the banking system through different points in time, upon the identification of relevant risk factors for	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				both trading and credit portfolios, the specification of the distribution of risk factors, and the drawing of risk factor changes (or shocks) from this distribution. Given the risk factors scenarios, the model generates profit and loss distributions for each bank portfolio and estimates its probability of distress among other risk metrics. In addition, a "contagion phase" was also developed during 2014. Given that an institution is under distress and based on their inter-financial exposures, an assessment of the impact in the financial system can be made. The model has been implemented and considered into the CNBV´s risk platform. The first results had been generated for all the banks. During 2015, recalibration and testing of the model will be conducted. Banco de México also performs a similar analysis, with an exhaustive analysis of potential contagion based on information of the bank exposures network. There is an underlying macro model to generate scenarios and to trigger the shocks. After the initial shock, the main financial indicators of each bank are projected in a	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				scenario-dependent consistent way, to determine the effects in the credit portfolio and assess possible capital adequacy issues. **Web-links to relevant documents:** CESF http://www.cesf.gob.mx/en/CESF/Publicaciones_e_informes (Links to the above Financial System Reports.) **Additional questions:** **1. Please describe, at a high level, the types of methodologies, indicators and reports used in your jurisdiction to identify, analyse, communicate and address systemic risks.** The CESF analyzes the developments in the financial system and any potential threats arising in particular sectors. In particular, the CESF analyzes stress tests conducted by the CNBV. It also closely monitors the situation of the banking system, given its relevance in the Mexican Financial System (about 50% of the assets in the system). It analyzes solvency and liquidity indicators (loan-loss provisions, evolution of default rates, LCR, concentration indexes, stable funding to loans ratios, etc.) The results of such analysis are published in the annual report of the CESF (published by	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				the end of March each year), which can be consulted in the following link (only in Spanish): http://www.cesf.gob.mx/es/CESF/Publicaciones_e_informes In addition, Banco de Mexico conducts stress tests for the banking system and undertakes network analysis to determine the risks of contagion. It also evaluates the situation of the banking system and any other sectors which may exhibit patterns or behaviors which may be a cause of concern (shadow banking entities and activities, mutual funds, REITs, etc.). Banco de Mexico publishes an annual report with a detailed assessment of the financial system, threats to financial stability, a balance of risks and potential measures to mitigate such risks. Such report is published in the second half of each year. The Financial System Stability Reports published by Banco de Mexico may be consulted in the following link, in English (English versions of the report are published with a lag with respect to the version in Spanish): http://www.banxico.org.mx/publicaciones-y-discursos/publicaciones/informes-periodicos/reporte-sf/index-en.html **2. Please describe the range of**	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				policy tools (prudential and other) currently available to the authorities for macroprudential purposes.[2] Regulation (for example on limits to related parties) has been drafted when threats or vulnerabilities have been identified. The use of microprudential measures with macroprudential purposes could also be deployed. In this case, the authority in charge of a given microprudential measure would also be the one to deploy it. Discussions at the CESF about what tools to use and how to use them would take place on a case by case basis. **3. Please indicate which tools have been deployed for macroprudential purposes over the past year, including the objective for their use and the process used to select, calibrate, and apply them.** The macroprudential measures implemented during the last two years include: limits on lending to related parties, which were increased as a response to the increasing amount of exposures observed during the crisis, and	

[2] An indicative list of such tools can be found in "Macroprudential Policy Tools and Frameworks – Progress Report to the G20" by the FSB, IMF and BIS (October 2011, http://www.financialstabilityboard.org/wp-content/uploads/r_111027b.pdf); "Staff Guidance on Macroprudential Policy" (December 2014, http://www.imf.org/external/np/pp/eng/2014/110614.pdf) by IMF staff; and "Operationalising the selection and application of macroprudential instruments" (December 2012, http://www.bis.org/publ/cgfs48.pdf) by the CGFS.

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				rules for sale and transfer of operations between related parties (e.g. transfer or sale of credit portfolios) which were included to limit the potential for contagion. Mexican authorities are close to finalise the secondary regulation to implement the countercyclical capital buffer and the leverage ratio, as well as the framework for D-SIBs. **4. Please describe whether and, if so, how the relevant authorities assess the *ex ante* cost and benefits of macroprudential policies and their *ex post* effectiveness.** No analysis of this kind has been undertaken so far. The implementation of certain specific elements of the macroprudential toolkit (such as the countercyclical capital buffer) as well as the leverage ratio is still under development; in particular with respect to the secondary regulation about them.	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
V.	**Improving oversight of credit rating agencies (CRAs)**				
13 (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) National authorities will enforce compliance and require changes to a rating agency's practices and procedures for managing conflicts of interest and assuring the transparency and quality of the rating process. CRAs should differentiate ratings for structured products and provide full disclosure of their ratings track record and the information and assumptions that underpin the ratings process. The oversight framework should be consistent across jurisdictions with appropriate sharing of information between national authorities, including through IOSCO. (London) Regulators should work together towards appropriate, globally compatible solutions (to conflicting compliance obligations for CRAs) as early as possible	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: • *Code of Conduct Fundamentals for Credit Rating Agencies (Mar 2015)* Jurisdictions may also refer to the following IOSCO documents: • Principle 22 of *Principles and Objectives of Securities Regulation (Jun 2010)* which calls for registration and oversight programs for CRAs • *Statement of Principles Regarding the Activities of Credit Rating Agencies (Sep 2003)* • *Final Report on Supervisory Colleges for Credit Rating Agencies (Jul 2013)*	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** ☐ **Implementation ongoing:** *Status of progress:* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Final rule (for part of the reform) in force since : ☑ **Implementation completed as of:** 9 July 2014 **Issue is being addressed through :** ☑ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Short description of the content of the legislation/ regulation/guideline:** 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 improved transparency within the rating process, enhanced the	**If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:** **Planned actions (if any) and expected commencement date:** The CNBV is assessing the implementation of novelties of the recent IOSCO's Code of Conduct for CRAs. **Web-links to relevant documents:** Not applicable.

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
		in 2010. (FSB 2009) We encourage further steps to enhance transparency and competition among credit rating agencies. (St Petersburg)		procedures for rating structured products and reduced CRAs' potential conflicts of interest. On 9 July 2014 the CNBV amended the regulation for CRAs with the goal of further strengthening the regulation regarding potential conflicts of interest in municipal debt. **Highlight main developments since last year's survey:** CNBV is moving forward in adopting confidentiality agreements for the exchange of information under the framework of its participation in CRAs Colleges set up by the US SEC and the European Securities Markets Authority. The CNBV has also made progress in entering into MOUs for the supervision of CRAs. **Web-links to relevant documents:** LMV http://www.cnbv.gob.mx/Normatividad/Ley%20del%20Mercado%20de%20Valores.pdf Provisions for CRAs http://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20carácter%20general%20aplicables%20a%20las%20instituciones%20calificadoras%20de%20valores.pdf	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
14 (17)	Reducing the reliance on ratings	We also endorsed the FSB's principles on reducing reliance on external credit ratings. Standard setters, market participants, supervisors and central banks should not rely mechanistically on external credit ratings. (Seoul) Authorities should check that the roles that they have assigned to ratings in regulations and supervisory rules are consistent with the objectives of having investors make independent judgment of risks and perform their own due diligence, and that they do not induce uncritical reliance on credit ratings as a substitute for that independent evaluation. (Rec IV. 8, FSF 2008) We reaffirm our commitment to reduce authorities' and financial institutions' reliance on external credit ratings, and call on standard setters, market participants, supervisors and central banks to implement the agreed FSB principles and end practices that rely mechanistically on these ratings. (Cannes) We call for accelerated progress by national authorities and standard setting bodies in ending the mechanistic reliance on credit ratings and encourage steps that	Jurisdictions should indicate the steps they are taking to address the recommendations of the May 2014 FSB thematic peer review report on the implementation of the FSB Principles for Reducing Reliance on Credit Ratings, including by implementing their agreed action plans. Jurisdictions may refer to the following documents: • FSB *Principles for Reducing Reliance on CRA Ratings (Oct 2010)* • FSB *Roadmap for Reducing Reliance on CRA Ratings (Nov 2012)* • BCBS Consultative Document *Revisions to the Standardised Approach for credit risk (Dec 2014)*	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** ☑ **Implementation ongoing:** *Status of progress:* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☑ Final rule or legislation approved and will come into force on: 12 April 2016 ☑ Final rule (for part of the reform) in force since : 9 January 2015 ☐ **Implementation completed as of:** **Issue is being addressed through :** ☑ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Short description of the content of the legislation/ regulation/guideline:** The mandate under the aforementioned legal provisions is: •to make reasonable recommendations, considering the customer profile, •financial product profiles •policies for investment portfolio diversification •policies and guidelines for the determination of the customers profiles and for the financial products subject to recommendation	**Planned actions (if any) and expected commencement date:** Rules will be effective in stages for Investment Funds Managers, Distributors and Investment Advisors. The first stage (October 12th, 2015) deals with rules concerning the management of conflict of interests and those readily applicable. The second stage (April 12th,2016) deals with provisions that require the participants to adapt their infrastructure and information systems. **Web-links to relevant documents:** Not applicable.

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
		would enhance transparency of and competition among credit rating agencies. (Los Cabos) We call on national authorities and standard setting bodies to accelerate progress in reducing reliance on credit rating agencies, in accordance with the FSB roadmap. (St Petersburg)		•accountability •fees •general policy framework •ceilings on securities placement These rules apply to all financial entities/authorized persons providing investment services, namely investment advisors and investment managers, including any person obtaining registration to act as investment adviser, among which are: •Banks. •Brokerage Houses. •Investment funds managers. •Investment funds distributors. •Independent advisors. **Highlight main developments since last year's survey:** The CNBV has strengthened its obligations on: •Suitability of investments. •Know your product. •Know your client (investor profile). •Product analysis committee formation. •Key Investor Document. •Risk Management. **Web-links to relevant documents:** http://www.cnbv.gob.mx/Normatividad/Disposiciones%20Entidades%20y%20demás%20personas%20que%20proporcionen%20servicios%20de%20inversión.pdf	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VI.	**Enhancing and aligning accounting standards**				
15 (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)	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. Jurisdictions may want to refer to their jurisdictional profile prepared by the IFRS Foundation, which can be accessed at: http://www.ifrs.org/Use-around-the-world/Pages/Analysis-of-the-G20-IFRS-profiles.aspx.	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** ☑ **Implementation ongoing:** *Status of progress:* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☑ Final rule (for part of the reform) in force since : 1 January 2012 ☐ **Implementation completed as of:** **Issue is being addressed through :** ☑ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Short description of the content of the legislation/ regulation/guideline:** Since 1 January 2012, listed companies, except financial institutions and insurance companies, are required to present their financial information according to IFRS. Financial institutions and insurance companies are required to use the Mexican Financial Reporting Standards (MFRS), issued by the National	**Planned actions (if any) and expected commencement date:** The CNBV is still working with CINIF in the process of convergence with IFRS. Particularly, the CNBV is assessing the possible changes in their accounting standards in order to align them to IFRS 9 “Financial Instruments”, especially regarding the expected credit losses approach. **Web-links to relevant documents:** Not applicable.

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				Accounting Standards Setter of Mexico (CINIF) plus certain accounting criteria issued by the CNBV. CINIF has a convergence project to eliminate the existing differences between MFRS and IFRS. When completed, CINIF expects that MFRS applied by domestic companies whose securities are not publicly traded will be very similar to IFRS. **Highlight main developments since last year's survey:** Regarding the main developments since last year's survey, the CNBV is still working with the CINIF in the process of convergence with the IFRS. Particularly, the CNBV is assessing the possible changes in accounting standards in order to align them with the recognition and measurement criteria stated in IFRS 9. Additionally the CNBV is assessing the impacts on financial entities because of the application of expected credit losses approach, according to IFRS 9. However, banks are subject to expected-losses provisioning rules since 2009. •The main portfolios of loans (consumer loan, loan secured by residential property and corporate loans) are under a standard loan	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				provisioning methodologies based on the expected losses approach. •These methodologies enable the ability to obtain the expected loss on the loan portfolio over the next 12 months, considering the following risk drivers: Probability of Default (PD), Loss Severity (SP) and Exposure at Default (EI). •This methodology for provisioning will facilitate the adoption of the new IFRS 9 withing the Mexican regulation **Web-links to relevant documents:** Not applicable.	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
16 (19)	Appropriate application of Fair Value Accounting	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) 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)	Jurisdictions should indicate the policy measures taken for appropriate application of fair value accounting. Although not an application of fair value accounting, jurisdictions should additionally be mindful of implementation issues arising from the new accounting requirements for expected loan loss provisioning for impaired loans that are being introduced by the IASB and the FASB, and, for those jurisdictions where specific action is needed to foster transparent and consistent implementation, set out any steps they intend to take. See, for reference, the following BCBS documents: • *Basel 2.5 standards on prudent valuation (Jul 2009)* • *Supervisory guidance for assessing banks' financial instrument fair value practices (Apr 2009)*	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** ☑ **Implementation ongoing:** *Status of progress:* ☑ Draft in preparation, expected publication by: During 2016 ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Final rule (for part of the reform) in force since : ☐ **Implementation completed as of:** **Issue is being addressed through :** ☑ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Short description of the content of the legislation/ regulation/guideline:** In January 2014, as a result of the Financial Reform approved by the Congress, the LRAF was considerably amended. Among other issues, the law provides that the supervision and regulation of financial groups should be carried out on a consolidated basis between the financial authorities. In this regard, Mexico's financial institutions are	**If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:** **Planned actions (if any) and expected commencement date:** CNBV, CNSF and CONSAR will be working during 2015 in the tripartite rules draft. **Web-links to relevant documents:** Not applicable.

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				regulated by: • CNSF (Insurance and surety institutions). • CONSAR (Fund managers for pension funds) • CNBV (Banks and all financial institutions not listed above). The most relevant topics that should be regulated and supervised by the regulators on a consolidated basis are: • Prudential rules, • accounting standards, • financial statements approval process, and • external auditors. In this sense, fair value accounting requirements aligned with IFRS 13 are going to be included in the draft of the tripartite regulation that is being developed by the three regulators. The regulators will be working during 2015 in the tripartite rules draft. **Highlight main developments since last year's survey:** During 2014, the CNBV worked on a project to incorporate within its regulation, accounting standards aligned to IFRS 13. The current fair value regulation requires the use of values provided by price vendors. However, derived from the financial reform, the CNBV has had to redesign the strategy to incorporate fair value requirements, and has decided the following: • As a first	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				step, finalize the tripartite rule draft developed by the CNBV, CNSF and CONSAR. • Once said project is concluded, the CNBV will begin to align the fair value requirements for each financial entity under it supervision (during 2015). **Web-links to relevant documents:** Not applicable.	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VII.	**Enhancing risk management**				
17 (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) National supervisors should closely check banks' implementation of the updated guidance on the management and supervision of liquidity as part of their regular supervision. If banks' implementation of the guidance is inadequate, supervisors will take more prescriptive action to improve practices. (Rec. II.10, FSF 2008) Regulators and supervisors in emerging markets[3] will enhance their supervision of banks' operation in foreign currency funding markets. (FSB 2009) We commit to conduct robust, transparent stress tests as needed. (Pittsburgh)	Jurisdictions should indicate the policy measures taken to enhance guidance to strengthen banks' risk management practices. Jurisdictions may also refer to FSB's *thematic peer review report on risk governance (Feb 2013)* and the BCBS *Peer review of supervisory authorities' implementation of stress testing principles (Apr 2012)* and *Principles for sound stress testing practices and supervision (May 2009).*	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** ☐ **Implementation ongoing:** *Status of progress:* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Final rule (for part of the reform) in force since : ☑ **Implementation completed as of:** 1 January 2015 **Issue is being addressed through :** ☑ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Short description of the content of the legislation/ regulation/guideline:** The financial reform of January 2014 includes specific provisions in the LIC, empowering the CNBV and Banco de México to jointly issue regulation on	**Planned actions (if any) and expected commencement date:** The World Bank will continue evaluating mechanisms to test the ability of the indicators to forecast a default or a decrease in ROE in the future. CNBV will continue working on this task during the second semester of 2015 in order to improve the risk assessment methodology. **Web-links to relevant documents:** Not applicable.

[3] 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
				liquidity. The Mexican framework for LCR requirements (assessed as Compliant with the Basel Standard) was issued in December 2014 through the publication of the General Provisions on Liquidity Requirements for Commercial Banks, and entered into force in January 2015. The LCR applies to all commercial banking institutions. Development banks are not required to comply with LCR regulation. Nevertheless, both credit institutions (commercial and development banks) are required to comply with the Sound Principles for Liquidity Risk Management established by the BCBS and to report the necessary information to calculate the LCR to the authorities. Regarding 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	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				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. **Highlight main developments since last year's survey:** The general guidelines and reference structure for the liquidity requirements for Mexican banks were approved and issued on 17 October 2014. Subsequently, the final LCR regulation was issued on 31 December 2014 and came into force on 1 January 2015. Along with the LCR regulation, in 2014 the Mexican authorities also implemented a regulation which includes the Basel Principles for sound liquidity risk management and supervision, and are currently working in the development of the LCR monitoring tools. Regarding CNBV's Comprehensive Supervisory Project (Proyecto Integral de Supervisión) the CNBV has been working, together with the World Bank (WB), to strengthen the supervisory tools and develop a risk focused supervision approach among all financial sectors under CNBV's	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				supervision. The CNBV has been working on the development and/or improvement of methodologies, procedures and indicators to prevent, identify and assess ex-ante the potential risks for financial entities (credit, operational, market and liquidity risks), including the recommendations of the WB. Some of the main accomplishments to assess these risks are: • Review and redefine the scope of the methodology of inspections, considering elements of inherent risks among the activities of the supervised entities. • Development of a set of indicators in order to measure the inherent risks and financial strength of commercial and development banks. • Building a methodology to assess the risk alleviation mechanisms implemented by commercial banks to mitigate inherent risks. This new methodology lies on two main aspects: regulatory compliance and effectiveness of risk mitigants. • The WB, among other activities, is still evaluating methods in order to test the ability of the indicators to forecast a default or a decrease in ROE in the future. CNBV will continue to work on	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				this task during the second semester of 2015 in order to improve the risk assessment methodology. **Web-links to relevant documents:** Regulatory Consistency Assessment Programme (RCAP), Assessment of Basel III LCR regulations (RCAP-LCR) –Mexico, March 2015 http://www.bis.org/bcbs/publ/d316.pdf General Provisions on Liquidity Requirements for Commercial Banks http://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20carácter%20general%20sobre%20los%20requerimientos%20de%20liquidez%20para%20las%20instituciones%20de%20banca%20múltiple.pdf http://www.cnbv.gob.mx/Anexos/Anexo%201%20Requerimientos%20de%20liquidez.pdf http://www.cnbv.gob.mx/Anexos/Anexo%202%20Requerimiento%20de%20liquidez.pdf http://www.cnbv.gob.mx/Anexos/Anexo%203%20Requerimientos%20de%20liquidez.pdf http://www.cnbv.gob.mx/Anexos/Anexo%204%20Requerimientos%20de%20liquidez.pdf http://www.cnbv.gob.mx/Anexos/Anexo%205%20Requerimientos%20de%20liquidez.pdf	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
18 (22)	Enhanced risk disclosures by financial institutions	Financial institutions should provide enhanced risk disclosures in their reporting and disclose all losses on an ongoing basis, consistent with international best practice, as appropriate. (Washington) 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)	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)*, and set out any steps they have taken to foster adoption of the EDTF Principles and Recommendations.	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** ☐ **Implementation ongoing:** *Status of progress:* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Final rule (for part of the reform) in force since : ☑ **Implementation completed as of:** 1 January 2015 **Issue is being addressed through :** ☑ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Short description of the content of the legislation/ regulation/guideline:** In line with the Liquidity Coverage Ratio disclosure standards published in 2014, the Mexican banks are required to disclose on a quarterly basis the average LCR of that quarter, as well as a template designed in line with this standard. Besides, banks are required to provide qualitative information regarding the evolution of the liquidity risks and	**Planned actions (if any) and expected commencement date:** As stated in question 16, derived from the financial reform, CNBV has had to redesign the strategy to incorporate fair value requirements, and decided the following: • As a first step, finalize the tripartite rule draft developed by the Commissions. • Once the project is concluded, the CNBV will begin to align the fair value requirements for each financial entity under their supervision (during 2015). • In relation to accounting disclosure requirements, the CNBV is assessing the possible changes in their accounting standards in order to align them to IFRS 7. **Web-links to relevant documents:** Not applicable.

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				explaining how the bank is mitigating such risks. **Highlight main developments since last year's survey:** Since the approval of the 2014 financial reform where the LIC was amended, enhanced risk disclosure requirements were introduced as mandatory for banking institutions. In December 2014, certain disclosure requirements (assessed as compliant with the Pillar 3 of Basel Standard) were included in the credit institutions regulation. These new requirements were included as part of the comprehensive risk management framework. The main changes relate to: credit risk exposures, credit risk mitigation, securitizations and remunerations, among others. The transitional arrangements of the LCR rule published in December, established that medium and small banks had to start publishing their LCR information starting in October 2015, however all banks were already submitting their data to compute the LCR by July 2015. Furthermore the disclosure framework for large banks was published and entered into force ahead of	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				schedule. The LCR rule states that Mexican banks are required to disclose on a quarterly basis the average LCR (disclosure standards published in 2014) of that quarter, as well as a template designed in line with this standard. Besides, banks are required to provide qualitative information regarding the evolution of the liquidity risks and explaining how the bank is mitigating such risks. In addition, in December 2014, disclosure requirements complying with Basel Pillar 3 were introduced in the LIC in terms of credit risk exposures, credit risk mitigation, securitizations and remunerations, among others. Moreover, regarding fair value requirements the three financial regulatory commissions have been carrying out a joint work for developing tripartite rules in this matter. These rules will harmonize its treatment among all financial institutions. **Web-links to relevant documents:** CUB http://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20carácter%20general%20aplicables%20a%20las%20instituciones%20de%20crédito.pdf	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VIII.	**Strengthening deposit insurance**				
19 (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)	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:* • Adoption of an explicit deposit insurance system (for those jurisdictions that do not have one) • Addressing the weaknesses and gaps to full implementation of the *Core Principles for Effective Deposit Insurance Systems* issued by IADI in November 2014	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** ☐ **Implementation ongoing:** *Status of progress:* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Final rule (for part of the reform) in force since : ☑ **Implementation completed as of:** 10 January 2014 **Issue is being addressed through :** ☑ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Short description of the content of the legislation/ regulation/guideline:** The Bank Savings Protection Institute (IPAB, for its acronym in Spanish) created by the Bank Savings' Protection Law (LPAB, for its acronym in Spanish) as a decentralized agency, governed by its own law and with its own budget, is the public agency in charge of managing the	**Planned actions (if any) and expected commencement date:** Given the modifications to the Core Principles for Effective Deposit Insurance Systems, the IPAB is about to initiate a full self-assessment of compliance, in order to full evaluate compliance issues and how they may be addressed. **Web-links to relevant documents:** Not applicable.

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				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 last Financial Reform 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 Credit Institutions Law, as well as the preventive and corrective measures. A provision for mandatory stress, recovery (referred to as contingency in regulation) and resolution plans was 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. The January, 2014, Financial Reform amended the LPAB and LIC.	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				These two laws regulate what happens to the deposits when a bank goes into resolution. The amendments to the laws increased the insurance requirements for banking institutions, and improved the legal framework for resolution processes. **Highlight main developments since last year's survey:** Since the publication of the Core Principles for Effective Deposit Insurance Systems issued by IADI in November 2014 the IPAB has conducted a preliminary assessment of the current framework in place in Mexico and has observed that it fully complies with 7 Core Principles, and partially complies with the other 9. In order to implement the different aspects of the financial reform in force since January 2014, the IPAB's Governing Board has approved a number of Rules, Guidelines and Provisions in the last year, in particular regarding: • The reimbursement process for insured deposits that exceed the coverage limit and non-insured liabilities (possibility for bank failures that entail systemic risk) (established in Art 148, section II (b) of the Credit Institutions Act (LIC)).	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				http://www.dof.gob.mx/nota_detalle.php?codigo=5349541&fecha=20/06/2014 • The payment process for the reimbursement of insured deposits (as established in Art 11 of the LIC). http://www.dof.gob.mx/nota_detalle.php?codigo=5346619&fecha=29/05/2014 • The process to be followed regarding joint accounts with more than one account holder (as established in 189 section IV of the LIC). http://www.dof.gob.mx/nota_detalle.php?codigo=5353015&fecha=18/07/2014 • The establishment of conflict of interest rules applicable to participants in asset sale processes (established in Art 207 of the LIC). http://www.dof.gob.mx/nota_detalle.php?codigo=5353014&fecha=18/07/2014 • The Transfer of Assets and Liabilities (established in Art 194 of the LIC). http://www.dof.gob.mx/nota_detalle.php?codigo=5351482&fecha=08/07/2014 • The process for calculating the deposit insurance fees to be paid by banks to the IPAB (as established in Art 22 of the Bank Savings Protection Act (LPAB)). http://www.dof.gob.mx/nota_detalle.php?	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				codigo=5376898&fecha=22/12/2014 • The self-corrective measures programs prepared by banks (as established in Art 109 bis 10 of the LIC). http://www.dof.gob.mx/nota_detalle.php?codigo=5379723&fecha=28/01/2015 • Bank Resolution Plans (as established in Art 120 of the LIC). http://www.dof.gob.mx/nota_detalle.php?codigo=5379724&fecha=28/01/2015 • The classification of banks' assets (overdue balance) and liabilities (insured deposits) (as established in Art 124 of the LIC). http://www.dof.gob.mx/nota_detalle.php?codigo=5379725&fecha=28/01/2015 The elements to be included in the technical study to determine the appropriate resolution mechanism for a failed bank (as referred to in Art 187 of the LIC). **Web-links to relevant documents:** Credit Institutions Law (LIC, for its acronym in Spanish) http://www.diputados.gob.mx/LeyesBiblio/pdf/43.pdf Bank Savings Protection Act (LPAB, for its acronym in Spanish) http://www.diputados.gob.mx/LeyesBiblio/pdf/62.pdf	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
IX. Safeguarding the integrity and efficiency of financial markets					
20 (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)	Jurisdictions should indicate whether high frequency trading and dark pools exist in their national markets. Jurisdictions should indicate the progress made in implementing the recommendation in the following IOSCO reports in their regulatory framework: • *Regulatory issues raised by changes in market structure (Dec 2013)* • *Report on Regulatory Issues Raised by the Impact of Technological Changes on Market Integrity and Efficiency (Oct 2011)* • *Report on Principles for Dark Liquidity (May 2011)*.	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** ☐ **Implementation ongoing:** *Status of progress:* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Final rule (for part of the reform) in force since : ☑ **Implementation completed as of:** September 2010 **Issue is being addressed through :** ☐ Primary / Secondary legislation ☐ Regulation /Guidelines ☑ Other actions (such as supervisory actions), please specify: Since the issuance of the CNBV's rules for direct market access (DMA), in September 2010, in the Provisions for Broker-Dealers (CUCB), the Mexican Stock Exchange has amended its trading rules and other procedures in order to comply with the regulation. Moreover, their internal Bylaws have been improved in order to establish better procedures for	**Planned actions (if any) and expected commencement date:** Not applicable. **Web-links to relevant documents:** Not applicable.

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				dealing with technological changes, trading errors (fat fingers for example), and pre-trade checks. **Short description of the content of the legislation/ regulation/guideline:** On 10 September 2010, the CUCB were issued providing the regulatory framework applicable to the DMA. These provisions provided the operational rules for the electronic access to the market including the following: the authorized 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 as well as the requirements and procedures for approval. They also provided obligations, preemptive disciplinary and corrective measures. The LMV does not allow the existence of dark pools. The only authorized way to trade shares in Mexico is through securities. **Highlight main developments since last year's survey:** The Mexican Stock Exchange has amended its trading rules and other procedures in order to comply with the regulation. In their internal by-laws	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				enhanced procedures were introduced for dealing with technological changes, trading errors (fat fingers for example) and pre-trade checks. **Web-links to relevant documents:** CUCB http://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20carácter%20general%20aplicables%20a%20las%20casas%20de%20bolsa.pdf LMV http://www.cnbv.gob.mx/Normatividad/Ley%20del%20Mercado%20de%20Valores.pdf	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
21 (25)	Regulation and supervision of commodity markets	We need to ensure enhanced market transparency, both on cash and financial commodity markets, including OTC, and achieve appropriate regulation and supervision of participants in these markets. Market regulators and authorities should be granted effective intervention powers to address disorderly markets and prevent market abuses. In particular, market regulators should have, and use formal position management powers, including the power to set ex-ante position limits, particularly in the delivery month where appropriate, among other powers of intervention. We call on IOSCO to report on the implementation of its recommendations by the end of 2012. (Cannes) 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)	Jurisdictions should indicate whether commodity markets of any type exist in their national markets. Jurisdictions should indicate the policy measures taken to implement the principles found in IOSCO's report on *Principles for the Regulation and Supervision of Commodity Derivatives Markets (Sep 2011)*. Jurisdictions, in responding to this recommendation, may also make use of the responses contained in the update to the survey published by IOSCO in September 2014 on the principles for the regulation and supervision of commodity derivatives markets.	☑ **Not applicable** The volume of the local commodity derivatives market is negligible and, considering that local spot commodity markets are practically non-existent, current regulation requires commodity derivatives to be cleared and settled only in cash. There is only one "Commodity" contract traded in the Mexican Derivatives Exchange, which is referred to a contract traded in another market, OTC commodity derivatives are scarcely traded. ☐ **Applicable but no action envisaged at the moment** ☐ **Implementation ongoing:** *Status of progress:* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Final rule (for part of the reform) in force since : ☐ **Implementation completed as of:** **Issue is being addressed through :** ☐ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory	**Planned actions (if any) and expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				actions), please specify: **Short description of the content of the legislation/ regulation/guideline:** **Highlight main developments since last year's survey:** **Web-links to relevant documents:**	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
22 (26)	Reform of financial benchmarks	We support the establishment of the FSB's Official Sector Steering Group to coordinate work on the necessary reforms of financial benchmarks. We endorse IOSCO's Principles for Financial Benchmarks and look forward to reform as necessary of the benchmarks used internationally in the banking industry and financial markets, consistent with the IOSCO Principles. (St. Petersburg)	Collection of information on this recommendation will continue to be deferred given the forthcoming FSB progress report on implementation of the FSB recommendations in this area, and ongoing IOSCO work to review the implementation of the IOSCO Principles for Financial Benchmarks.		

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
X.	**Enhancing financial consumer protection**				
23 (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)	Jurisdictions should describe progress toward implementation of the OECD's *G-20 high-level principles on financial consumer protection (Oct 2011)*. Jurisdictions may also refer to OECD's September 2013 and September 2014 reports on effective approaches to support the implementation of the High-level Principles.	☐ **Not applicable** ☐ **Applicable but no action envisaged at the moment** ☐ **Implementation ongoing:** *Status of progress:* ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Final rule (for part of the reform) in force since : ☑ **Implementation completed as of:** 10 January 2014 **Issue is being addressed through :** ☑ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Short description of the content of the legislation/ regulation/guideline:** The CNBV published in November 2012, and recently amended in January 2015, regulation for advisory and non-advisory financial services which is applicable to banks, brokerage firms, investment advisers, mutual funds managers and independent distributors of mutual funds.	**Planned actions (if any) and expected commencement date:** On-Site and Off-site supervision is carried out in order to assess the proper application of the regulation for the provision of advisory and non-advisory financial services. **Web-links to relevant documents:** Not applicable.

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				Highlight main developments since last year's survey: Regulation for advisory and non-advisory financial services for banks and broker-dealers came into force on 1 October 2014. In January 2015, this regulation was amended to require investment advisers, mutual funds managers and independent distributors of mutual funds to comply with the same rules as banks and broker-dealers. This amendment will come into force in 2016 and will address several effective approaches to support the increase in compliance with the G20 High-level Principles as it entails rules related to suitability, proper disclosure of key features of financial products and transparency of fees, charges and risks. Finally, with respect to complaints handling and redress, this regulation require banks, brokerage firms, investment advisers, mutual funds managers and independent distributors of mutual funds 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 mechanisms for cooperation between the CNBV and	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				CONDUSEF, the CNBV will provide specific disclosure issues 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. It is important to keep in mind that CONDUSEF is entitled to put forward conciliatory settlements, act as arbitrator and to promote financial education programs. **Web-links to relevant documents:** Provisions for Investment Services http://www.cnbv.gob.mx/Normatividad/Disposiciones%20de%20carácter%20general%20aplicables%20a%20las%20entidades%20financieras%20y%20demás%20personas%20que%20proporcionen%20servicios%20de.pdf	

XI. Source of recommendations:

Brisbane: G20 Leaders' Communique (15-16 November 2014)
St Petersburg: The G20 Leaders' Declaration (5-6 September 2013)
Los Cabos: The G20 Leaders' Declaration (18-19 June 2012)
Cannes: The Cannes Summit Final Declaration (3-4 November 2011)
Seoul: The Seoul Summit Document (11-12 November 2010)
Toronto: The G-20 Toronto Summit Declaration (26-27 June 2010)
Pittsburgh: Leaders' Statement at the Pittsburgh Summit (25 September 2009)
London: The London Summit Declaration on Strengthening the Financial System (2 April 2009)
Washington: The Washington Summit Action Plan to Implement Principles for Reform (15 November 2008)
FSF 2008: The FSF Report on Enhancing Market and Institutional Resilience (7 April 2008)
FSF 2009: The FSF Report on Addressing Procyclicality in the Financial System (2 April 2009)
FSB 2009: The FSB Report on Improving Financial Regulation (25 September 2009)
FSB 2012: The FSB Report on Increasing the Intensity and Effectiveness of SIFI Supervision (1 November 2012)

XII. List of Abbreviations used:

CNBV: National Banking and Securities Commission (Comisión Nacional Bancaria y de Valores)
CNSF: National Insurance and Sureties Commision (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)
CONSAR: Commission for Pension Funds (Comisión Nacional del Sistema de Ahorro para el Retiro)
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
LISF: Insurance and Surety Institutions Law (Ley de Instituciones de Seguros y de Fianzas)
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 Instituions 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)
SRC: Solvency Capital Requirements