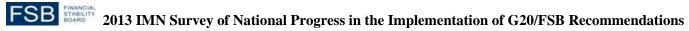


**Jurisdiction:** 

Mexico

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

- I. Refining the regulatory perimeter
- II. Hedge funds
- **III. Securitisation**
- IV. Enhancing supervision
- V. Building and implementing macroprudential frameworks and tools
- VI. Improving oversight of credit rating agencies (CRAs)
- VII. Enhancing and aligning accounting standards
- VIII. Enhancing risk management
- IX. Strengthening deposit insurance
- X. Safeguarding the integrity and efficiency of financial markets
- XI. Enhancing financial consumer protection
- XII. Reference to source of recommendations
- **XIII. List of Abbreviations**





No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
I.	Refining the regulator		Kemarks	110gress to tute	Treat steps
1 (2)	Review of the boundaries of the regulatory framework including strengthening of oversight of shadow banking	We will each review and adapt the boundaries of the regulatory framework to keep pace with developments in the financial system and promote good practices and consistent approaches at an international level. (London)  We agree to strengthen the regulation and oversight of the shadow banking system. (Cannes)	Jurisdictions should indicate the steps taken to expand the domestic regulatory framework to previously unregulated entities, for example, non-bank financial institutions (e.g. finance companies, mortgage insurance companies, credit hedge funds) and conduits/SIVs etc.  Jurisdictions should indicate policy measures to strengthen the regulation and oversight of the shadow banking system. See, for reference, the recommendations discussed in section 2 of the October 2011 FSB report: Shadow Banking:  Strengthening Oversight and Regulation.	Implementation ongoing or completed  If "Not applicable " or "Applicable but no action envisaged" has been selected, please provide a brief justification:  Issue is being addressed through:  Primary / Secondary legislation  Regulation /Guidelines  Other actions (such as supervisory actions), please specify:  The FSSC was created to identify risks building up in the financial system and address the required policy measures to mitigate them. Furthermore, based on the recommendations delivered by the 5 FSB work streams, the MFA will assess the areas of the current regulatory framework that would need to be strengthened. In this respect, the MFA had already implemented in Mexico some of the recommendations (e.g. VNAV for MMF).  Status of progress:  Draft in preparation, expected publication by: end 2013  Short description of the content of the legislation/ regulation/guideline:	Planned actions (if any):  The FSSC evaluates on a continuous basis whether the current boundaries of the regulatory framework are consistent to reduce the risk exposure of the financial system. The analysis includes innovation and other trends in the development of financial markets.  Expected commencement date:  Web-links to relevant documents:

<sup>&</sup>lt;sup>1</sup> This recommendation will be retained until the monitoring framework for shadow banking, which is one of the designated priority areas under the CFIM, is established.



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



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
II.	Hedge funds				
2 (3)	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) that inter-alia included mandatory registration and on-going regulatory requirements such as disclosure to investors.	Implementation ongoing or completed  If "Not applicable " or "Applicable but no action envisaged" has been selected, please provide a brief justification:  Issue is being addressed through:  Primary / Secondary legislation  Regulation /Guidelines  Other actions (such as supervisory actions), please specify:  Trough supervisory access to financial firms and their clients 'portfolios. The CNBV has implemented a process to monitor the exposure concentration of financial firms, including on foreign exchange transactions and on OTC derivatives.  Status of progress:  Reform effective (completed) as of:  Short description of the content of the legislation/ regulation/guideline:  The regulatory framework does not specify the requirements for the management or operation of a hedge fund. While the Securities Markets Law (Article 8) establishes the requirements for vehicles traded through private offerings, their offering is limited to	Planned actions (if any): The CNBV is planning to update the current guidelines to require operators to measure and disclose, for both the market and the investors, their portfolios' level of leverage. Such changes will include a standard methodology to assess their level of leverage .  Expected commencement date:  Web-links to relevant documents:



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				qualified or institutional investors, and	
				should not exceed in number to 100	
				shareholders. Furthermore, in case of	
				publicly offered vehicles (above 100	
				shareholders and accepting non-qualified	
				and non-institutional investors), these	
				must be registered with the CNBV and	
				subject to enhanced disclosure, corporate	
				governance, and other requirements	
				established in the Securities Market Law.	
				In addition to this, MFA have in place a	
				network of bilateral and multilateral	
				MOUs to allow strengthened cooperation	
				and information exchange mechanisms	
				among supervisors. Moreover, banking	
				regulation sets exposure limits on single	
				counterparties or interconnected	
				counterparties based on the bank's capital	
				ratios, and in such respect, supervisors	
				undertake regular monitoring of risks	
				associated to banks' counterparties and	
				assessment of leveraged counterparties.	
				Web-links to relevant documents:	



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
3 (4)	Description  Establishment of international information sharing framework	G20/FSB Recommendations  We ask the FSB to develop mechanisms for cooperation and information sharing between relevant authorities in order to ensure effective oversight is maintained when a fund is located in a different jurisdiction from the manager. We will, cooperating through the FSB, develop measures that implement these principles by the end of 2009. (London)	Remarks  Jurisdictions should indicate the progress made in implementing 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.	Not applicable  If "Not applicable " or "Applicable but no action envisaged" has been selected, please provide a brief justification:  Issue is being addressed through:  Primary / Secondary legislation  Regulation /Guidelines  Other actions (such as supervisory actions), please specify:  Status of progress:  [No response]  Short description of the content of the legislation/ regulation/guideline:  Web-links to relevant documents:	Next steps  Planned actions (if any):  MFA will monitor the development of cooperation and information sharing mechanisms to assess the need to enhance the regulatory framework in case is needed.  Expected commencement date:  Web-links to relevant documents:



Counterparty exposures. (London)   See, for reference, the following BCBs documents:   See, for reference, the following BCBs documents:   Primary / Secondary legislation   Regulation / Guidelines   Other actions (such as supervisory actions), please specify:   Status of progress:   Draft in preparation, expected   Institutions (Ion 1999)	No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
ovalies parties.	4 (5)	Enhancing counterparty	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.	Jurisdictions should indicate specific policy measures taken for enhancing counterparty risk management and strengthening their existing guidance on the management of exposure to leveraged counterparties.  See, for reference, the following BCBS documents:  • Sound Practices for Banks' Interactions with Highly Leveraged Institutions (Jan 1999)  • Banks' Interactions with Highly Leveraged Institutions (Jan 1999)  • Basel III (June 2011) – relevant references to counterparty credit risk	If "Not applicable " or "Applicable but no action envisaged" has been selected, please provide a brief justification:  Issue is being addressed through:  □ Primary / Secondary legislation  □ Regulation /Guidelines  □ Other actions (such as supervisory actions), please specify:  Status of progress:  Draft in preparation, expected publication by: mid 2014  Short description of the content of the legislation/ regulation/guideline:  Banking capital regulation is complemented by a comprehensive risk management framework and supported by a risk based assessment which establishes capital requirements in accordance to the counterparty default risk. In addition, banking regulation sets exposure limits on single counterparties or interconnected counterparties based on the bank's capital ratios. Additionally, supervisors conduct regular monitoring of risks associated to banks' counterparties and continuously assess	The CNBV is working on the development of the regulatory framework to strengthen Pillar I capital adequacy rules in relation to counterparty credit risks.  Expected commencement date:



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
III.	Securitisation				
	-	During 2010, supervisors and regulators will:  • implement IOSCO's proposals to strengthen practices in securitisation markets. (FSB 2009)  The BCBS and authorities should take forward work on improving incentives for risk management of securitisation, including considering due diligence and quantitative retention requirements by 2010. (London)  Securitization sponsors or originators should retain a part of the risk of the underlying assets, thus encouraging them to act prudently. (Pittsburgh)	Jurisdictions should indicate the progress made in implementing the recommendations contained in:  • IOSCO's Report on Global  Developments in Securitisation  Regulation (Nov 2012) including justification for any exemptions to IOSCO requirements; and  • BCBS's Basel 2.5 standards on exposures to securitisations (Jul 2009), http://www.bis.org/publ/bcbs157.pdf and http://www.bis.org/publ/bcbs158.pdf	Implementation ongoing or completed  If "Not applicable " or "Applicable but no action envisaged" has been selected, please provide a brief justification:  Issue is being addressed through:  □ Primary / Secondary legislation  □ Regulation /Guidelines  □ Other actions (such as supervisory actions), please specify:  The CNBV issued the rules to enhance the transparency on the issuance of debt securities  Status of progress:  Reform effective (completed) as of:  Short description of the content of the legislation/ regulation/guideline:  The CNBV has strengthened the prudential standards for securitization practices based on: i) the development of a regulatory framework for sales practices and asset management which includes, among others, due diligence processes for complex instruments; ii) the strengthening of preventive measures	Planned actions (if any): The CNBV will amend the operational regulation for banking institutions to strengthen securitizations disclosure of the underlying assets and foster an enhanced risk assessment. Special emphasis will be given to resecuritizations. Such regulatory actions will be executed under the existing regulatory and supervisory powers.  Expected commencement date:  Web-links to relevant documents:
				for risk management; and iii) the undertaking of on-site authorization processes for risk management practices. Additionally, in January 1, 2013 the	



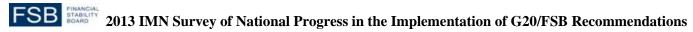
No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				capitalization rule was amended to	
				incorporate banks' internal assessment of	
				their securitizations exposures, as an	
				operational requirement for the use of an	
				external credit rating. Regulation	
				regarding business conduct practices was	
				issued in November 2012.	
				Web-links to relevant documents:	
				http://www.cnbv.gob.mx/Bursatil/Norma	
				tividad/Paginas/Casas-de-Bolsa.aspx	



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
6	Strengthening of	Insurance supervisors should strengthen	Jurisdictions should indicate the policy	Implementation ongoing or completed	Planned actions (if any):
(9)	regulatory and capital framework for monolines	the regulatory and capital framework for monoline insurers in relation to structured credit. (Rec II.8 ,FSF 2008)	measures taken for strengthening the regulatory and capital framework for monolines.	If "Not applicable " or "Applicable but no action envisaged" has been selected, please provide a brief justification:	No further changes are expected to amend the restrictions for monolines to issue structured credit instruments.
			See, for reference, the following	Issue is being addressed through :	
			principles issued by IAIS:	☐ Primary / Secondary legislation	Expected commencement date:
			• <u>ICP 13</u> – Reinsurance and Other	☐ Regulation /Guidelines	
			Forms of Risk Transfer	☐ Other actions (such as supervisory	Web-links to relevant documents:
			• <u>ICP 15</u> – Investments, and	actions), please specify:	web-miks to relevant documents:
			• <i>ICP 17</i> - Capital Adequacy.	Status of progress :	
			Jurisdictions may also refer to the	Draft in preparation, expected publication by : April 2015	
			IAIS <i>Guidance paper on enterprise</i>		
			risk management for capital adequacy	Short description of the content of the legislation/ regulation/guideline:	
			and solvency purposes (Oct 2008).	Monolines in Mexico are subject to	
				specific rules regarding technical	
				provisions, capital requirements,	
				licencing requirements, investment	
				regime, etc. Moreover, in April 2013 a	
				new law was approved, which provides	
				additional guidance to strengthen the supervision of these institutions regarding	
				risk management, corporate governance,	
				capital requirements, technical	
				provisions, investments, etc.	
				Web-links to relevant documents:	



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
7 (10)	Strengthening of	Regulators of institutional investors	Jurisdictions should indicate the policy	Implementation ongoing or completed	Planned actions (if any):
	supervisory requirements or best practices for investment in structured products	should strengthen the requirements or best practices for firms' processes for investment in structured products. (Rec II.18 ,FSF 2008)	measures taken for strengthening best practices for investment in structured product.  See, for reference, the principles	If "Not applicable " or "Applicable but no action envisaged" has been selected, please provide a brief justification:	Expected commencement date:
	in structured products	11.10 (1.51 2000)	contained in IOSCO's report on Good	Issue is being addressed through:	
			<u>Practices in Relation to Investment</u>	☐ Primary / Secondary legislation	Web-links to relevant documents:
			Managers' Due Diligence When Investing	☐ Regulation /Guidelines	
			in Structured Finance Instruments (Jul 2009) and Suitability Requirements for	☑ Other actions (such as supervisory actions), please specify:	
			Distribution of Complex Financial	Status of progress:	
			Products (Jan 2013).	Reform effective (completed) as of:	
			Jurisdictions may also refer to the Joint	November 2012	
			Forum report on <u>Credit Risk Transfer-Developments from 2005-2007 (Jul</u>	Short description of the content of the legislation/ regulation/guideline:	
			<u>2008).</u>	On November 2012, the CNBV published	
				the business conduct rules for banks and	
				brokerage firms. The aim of the rules is to	
				enhance transparency and avoid abusive	
				practices in the investment services.	
				Among their obligations, financial intermediaries must provide all material	
				information to their customers to assess	
				the risks involved in the investment. In	
				addition, the rules set prohibitions to	
				avoid conflicts of interests.	
				Web-links to relevant documents:	





No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
No 8 (11)	Description Enhanced disclosure of securitised products	G20/FSB Recommendations  Securities market regulators should work with market participants to expand information on securitised products and their underlying assets. (Rec. III.10-III.13, FSF 2008)	Remarks  Jurisdictions should indicate the policy measures taken for enhancing disclosure of securitised products.  See, for reference, IOSCO's Report on Principles for Ongoing Disclosure for Asset-Backed Securities (Nov 2012) that complements IOSCO's Disclosure Principles for Public Offerings and Listings of Asset-Backed Securities (Apr 2010).	Implementation ongoing or completed  If "Not applicable " or "Applicable but no action envisaged" has been selected, please provide a brief justification:  Issue is being addressed through:  □ Primary / Secondary legislation □ Regulation /Guidelines □ Other actions (such as supervisory actions), please specify:  Status of progress:  Reform effective (completed) as of: April 2013  Short description of the content of the legislation/ regulation/guideline: On Septemberre 2008, the regulatory framework was amended to include disclosure guidance on securitizations prospectus. Additionally, it was established that annual, quarterly and monthly reports should contain enough information of the securitization underlying assets. In addition, in April 2013, as a result of the amendments made to the "Rules for market participants trading with listed derivative contracts "and "prudential provisions applicable to the trading of derivative listed contracts", some amendments were made to enhance	Planned actions (if any):  The CNBV is working on an amendment to the regulation concerning the information provided in the periodic reports. The proposed amendment will require a disclosure of the financial assets included as guarantee to back-up an issuance of mortgage securitizations (performing, non-performing and/or prepayments).  Expected commencement date:  Web-links to relevant documents:

Mexico



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				disclosure of information by both the	
				clearing houses and clearing members	
				that would allow for a better analysis, on	
				the operations such entities perform, by	
				the financial authorities and market	
				participants.	
				Web-links to relevant documents:	



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
IV.	Enhancing supervision	1			
9 (12)	Consistent, consolidated supervision and regulation of SIFIs	All firms whose failure could pose a risk to financial stability must be subject to consistent, consolidated supervision and regulation with high standards. (Pittsburgh)	Jurisdictions should indicate the policy measures taken for implementing consistent, consolidated supervision and regulation of SIFIs. <sup>2</sup> See, for reference, the following documents:  Joint Forum:  • Principles for the supervision of financial conglomerates (Sep 2012)  BCBS:  • Framework for G-SIBs (Nov 2011)  • Framework for D-SIBs (Oct 2012)  • BCP 12 (Sep 2012)  IAIS:  ICP 23 – Group wide supervision  FSB:  • Framework for addressing SIFIs (Nov 2011)	Implementation ongoing or completed  If "Not applicable " or "Applicable but no action envisaged" has been selected, please provide a brief justification:  Issue is being addressed through:  ☑ Primary / Secondary legislation  ☑ Regulation /Guidelines  ☑ Other actions (such as supervisory actions), please specify:  Status of progress:  Reform effective (completed) as of: July 2010  Short description of the content of the legislation/regulation/guideline:  In 2006, the LIC was amended to include a banking resolution regime for institutions which fail to meet the minimum capital requirements, even though their capital is positive. In addition, the LIC also provides for early warnings and corrective actions based on banks' capitalization indexes. As part of this process, the LIC establishes a Committee of Financial Stability (other than the FSSC) to assess the potential	Planned actions (if any):  Expected commencement date:  Web-links to relevant documents:

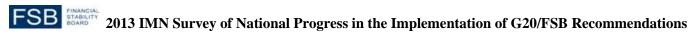
<sup>&</sup>lt;sup>2</sup> The scope of the follow-up to this recommendation will be revised once the monitoring framework on policy measures for G-SIFIs, which is one of the designated priority areas under the CFIM, is established.



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
	_			systemic risks arising from the failure of	
				a banking institution and to determine the	
				most effective resolution method. The	
				Committee of Financial Stability will	
				proceed to determine the most effective	
				resolution method based on a cost	
				analysis and to prevent any further	
				disruption in the functioning of the	
				financial system, including jeopardizing	
				the payment systems. Moreover, the	
				CNBV is participating in the supervisory	
				colleges of the most important G-SIBs in	
				Mexico and has reinforced its supervisory	
				oversight practices on banking	
				institutions.	
				Wal Pala 4 and mark James 4	
				Web-links to relevant documents:	



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
10	Establishing	To establish the remaining supervisory	Reporting in this area should be	Not applicable	Planned actions (if any):
(13)	supervisory colleges and conducting risk assessments	colleges for significant cross-border firms by June 2009. (London)	undertaken solely by home jurisdictions of significant cross-border firms.  Relevant jurisdictions should indicate the steps taken and status of establishing	If "Not applicable "or "Applicable but no action envisaged" has been selected, please provide a brief justification:	Expected commencement date:
			remaining supervisory colleges and	Issue is being addressed through:	Web-links to relevant documents:
(14)		We agreed to conduct rigorous risk	conducting risk assessments.	☐ Primary / Secondary legislation	vveb-miks to relevant documents:
		assessment on these firms through	See, for reference, the following	☐ Regulation /Guidelines	
		international supervisory colleges(Seoul)	documents:	Other actions (such as supervisory actions), please specify:	
		(Seoul)	BCBS:	Status of progress :	
			• Good practice principles on supervisory colleges (Oct 2010)	Reform effective (completed) as of: 2007	
			• Report and recommendations on cross- border bank resolution (Mar 2010)	Short description of the content of the legislation/ regulation/guideline:	
			IOSCO:	Mexico has participated actively in	
			• Principles Regarding Cross-Border Supervisory Cooperation (May 2010)  IAIS:	supervisory colleges since 2007. In addition of being part of supervisory colleges, Mexico is members of core colleges for a number of GSIFIs.	
			• ICP 25 and Guidance 25.1.1 – 25.1.6 on establishment of supervisory colleges	Web-links to relevant documents:	
			Guidance 25.6.20 and 25.8.16 on risk assessments by supervisory colleges		

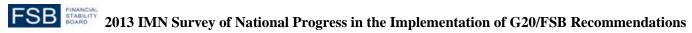




No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
11 (15) New	Supervisory exchange of information and coordination	To quicken supervisory responsiveness to developments that have a common effect across a number of institutions, supervisory exchange of information and coordination 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 October 2006 Basel Core Principle (BCP) 25 (Home-host relationships) or, if more recent, the September 2012 BCP 3 (Cooperation and collaboration) and BCP 14 (Home-host relationships). Jurisdictions should also indicate any steps taken since the last assessment in this area, particularly in response to relevant FSAP/ROSC recommendations.  Jurisdictions should describe any regulatory, supervisory or legislative changes that will contribute to the sharing of supervisory information within core colleges (e.g. bilateral or multilateral MoUs).	Implementation ongoing or completed  If "Not applicable "or "Applicable but no action envisaged" has been selected, please provide a brief justification:  Issue is being addressed through:  Primary / Secondary legislation  Regulation /Guidelines  Other actions (such as supervisory actions), please specify:  Bilateral and multilateral MoUs and the establishment of a macro prudential body to assess systemic risks across the financial system  Status of progress:  Reform effective (completed) as of: Local MOUs since 2000, the FSSC was established in July 2010.  Short description of the content of the legislation/ regulation/guideline:  MFA have implemented local MOUs for information sharing and coordination at a national level. In July 2000, the SHCP, CNBV, BANXICO, IPAB and CONDUSEF signed a "Guidance for the Coordination between Financial Authorities, regarding financial institutions information requirements". This Guidance aims to share relevant	Planned actions (if any):  The CNBV and the CNSF will continue strengthening the cooperation arrangements in line with the development of international best practices. In addition, on an on-going basis, there will be assessed the need to sign additional confidentiality agreements with other authorities and standard setting bodies where needed.  Expected commencement date:  Web-links to relevant documents:



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				together, in order to get, maintain, share,	
				and disclose information in a coordinated	
				manner. In February 2006, CNSF became	
				signatory of this Guidance. In addition,	
				MFA may also share information through	
				the FSSC. At the international level,	
				there have been implemented bilateral	
				MOUs with foreign financial authorities	
				and multilateral MOUs with standard	
				setting bodies, included IOSCO and IAIS.	
				The CNBV has legal authority to sign	
				agreements for information exchange	
				with foreign authorities, provided they	
				establish bilateral MOUs. Within the	
				Detailed Assessment of Observance of	
				Basel Core Principles carried out in 2011,	
				the CNBV´ observance to BCP Principle	
				25 was Compliant.	
				Web-links to relevant documents:	





No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
12	Strengthening resources	We agreed that supervisors should have	Jurisdictions should provide any feedback	Implementation ongoing or completed	Planned actions (if any):
(16)	and effective supervision	strong and unambiguous mandates, sufficient independence to act, appropriate resources, and a full suite of tools and powers to proactively identify	received from recent FSAPs/ROSC assessments on the <u>October 2006 BCPs 1</u> and 23 or, if more recent, the <u>September 2012 BCPs 1</u> , 9 and 11. Jurisdictions	If "Not applicable " or "Applicable but no action envisaged" has been selected, please provide a brief justification:	Supervisors are required to undergo periodic training to cope with financial innovation.
		and address risks, including regular stress	should also indicate any steps taken since	Issue is being addressed through:	
		testing and early intervention. (Seoul)	the last assessment in this area,	☐ Primary / Secondary legislation	Expected commencement date:
			particularly in response to relevant	☑ Regulation /Guidelines	
(17)			FSAP/ROSC recommendations.	☑ Other actions (such as supervisory actions), please specify:	Web-links to relevant documents:
(17)		Supervisors should see that they have the		Status of progress :	
		requisite resources and expertise to oversee the risks associated with financial innovation and to ensure that firms they		Reform effective (completed) as of: February 2008	
		supervise have the capacity to understand and manage the risks. (FSF 2008)		Short description of the content of the legislation/regulation/guideline:	
New		Supervisory authorities should continually re-assess their resource needs; for example, interacting with and assessing Boards require particular skills, experience and adequate level of seniority. (Rec. 3, FSB 2012)	Jurisdictions should describe the outcomes of the most recent assessment of resource needs (e.g. net increase in supervisors, skills acquired and sought). Please indicate when this assessment was most recently conducted and when the next assessment is expected to be conducted.	On February 2008, the Mexican Congress approved the amendment to the Credit Institutions Law whereby some of the faculties of the Ministry of Finance and Public Credit were transferred to the CNBV. Some of these faculties included the license authorizations for the establishment of new banking institutions, and other corporate acts, such as mergers and spin offs, as well as the powers to revoke banking licenses. In order to monitor the evolution of such risks, the CNBV undertakes regular inspection visits, depending on the materiality of the supervisory issues that	



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				may arise. To enhance its supervision	
				CNBVs has developed supervisory	
				manuals. These are periodically updated	
				to reflect the evolution of the financial	
				regulatory perimeter. The CNBV has full	
				oversight authority of banking institutions	
				throughout their life cycle, and	
				responsible for authorizing their	
				corporate acts and issuing their	
				operational rules. Furthermore, MFA	
				ensure proper specialization of their	
				personnel to assess innovations in	
				financial markets through permanent	
				training.	
				Web-links to relevant documents:	

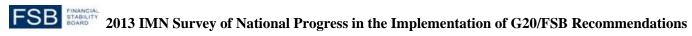


No Descr	ription	G20/FSB Recommendations	Remarks	Progress to date	Next steps
V. Building an	nd implemer	nting macroprudential frameworks and	d tools		
13 Establishing	g regulatory	Amend our regulatory systems to ensure	Please describe the systems,	Implementation ongoing or completed	Planned actions (if any):
(18) framework prudential o		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 <sup>3</sup> and private pools of capital to limit the build	methodologies and processes that have been put in place to identify macroprudential risks, including the analysis of risk transmission channels.	If "Not applicable "or "Applicable but no action envisaged" has been selected, please provide a brief justification:  Issue is being addressed through:	The regulation which provides indicators to measure and manage the liquidity of the system entities (LCR and NSFR) is under review.
(19)		up of systemic risk. (London)  Ensure that national regulators possess	Please indicate whether an assessment has been conducted with respect to the powers to collect and share relevant	<ul> <li>□ Primary / Secondary legislation</li> <li>□ Regulation / Guidelines</li> <li>☑ Other actions (such as supervisory</li> </ul>	Expected commencement date:
(19)		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)	information among different authorities – where this applies – on financial institutions, markets and instruments to assess the potential for systemic risk. Please indicate whether the assessment has indicated any gaps in the powers to collect information, and whether any follow-up actions have been taken.	Establishment of a macro prudential body responsible to assess systemic risks building up in the financial system  Status of progress:  Reform effective (completed) as of: July 2010  Short description of the content of the legislation/ regulation/guideline:  The FSSC was established by a presidential decree as a forum for evaluation, analysis, and coordination of authorities on financial system issues.  The objective of the FSSC is to identify and analyze risks that could disrupt or	Web-links to relevant documents:  http://www.cesf.gob.mx/docs/acuerdo_por_el_que_se_crea_el_cesf.pdf

<sup>&</sup>lt;sup>3</sup> 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
	_			the financial system, and recommend	
				policies, including macroprudential	
				policies, to mitigate them if they occur.	
				The policies and recommendations	
				prescribed by the Council should be	
				implemented by the authorities	
				represented at the Council, within the	
				scope of their legal mandates. The	
				FSSC's macroprudential oversight	
				function is supported by its Technical	
				Committee and two working groups: one	
				group is responsible of developing	
				metrics and designing methodologies to	
				measure systemic risk; the other, to	
				identify and assess risks and	
				vulnerabilities in the financial system.	
				FSSC's activities are carried out	
				leveraging on the resources available to	
				each of the member authorities. MFA	
				have strengthened their structural	
				organizations to ensure sufficient	
				resources are allocated to support the	
				functions of the FSSC. In accordance to	
				their respective mandates, financial	
				authorities participating in the FSSC have	
				sufficient powers for obtaining the	
				required information from their regulated	
				and/or supervised institutions, financial	
				markets and instruments.	
				Web-links to relevant documents:	





No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
14	Enhancing system-wide	Authorities should use quantitative	Please describe major changes in the	Implementation ongoing or completed	Planned actions (if any):
(20)	monitoring and the use	indicators and/or constraints on leverage	institutional arrangements for	If "Not applicable " or "Applicable but	
	of macro-prudential	and margins as macro-prudential tools for	macroprudential policy that have taken	no action envisaged" has been	Expected commencement date:
	instruments	supervisory purposes. Authorities should	place in the past two years, including	selected, please provide a brief justification:	•
		use quantitative indicators of leverage as	changes in: i) mandates and objectives; ii)	Issue is being addressed through:	
		guides for policy, both at the institution-	powers and instruments; iii) transparency		Web-links to relevant documents:
		specific and at the macro-prudential	and accountability arrangements; iv)	☐ Primary / Secondary legislation	
		(system-wide) level(Rec. 3.1, FSF	composition and independence of the	☐ Regulation /Guidelines	
		2009)	decision-making body; and v)	☑ Other actions (such as supervisory	
			mechanisms for domestic policy	actions), please specify:	
		We are developing macro-prudential	coordination and consistency.	Status of progress:	
		policy frameworks and tools to limit the	Please indicate the use of	Reform effective (completed) as of: July	
		build-up of risks in the financial sector,	macroprudential tools in the past two	2010	
		building on the ongoing work of the FSB-	years, including the objective for their use	Short description of the content of the	
		BIS-IMF on this subject. (Cannes)	and the process used to select, calibrate,	legislation/ regulation/guideline:	
			and apply them.	The FSSC is comprised by the financial	
			See, for reference, the CGFS document	authorities and supported by working	
			on <i>Operationalising the selection and</i>	groups developed to conduct periodical	
			application of macroprudential	analysis and research and to identify	
			instruments (Dec 2012).	potential systemic risks. The FSSC has	
(21)		Authorities should monitor substantial	Jurisdictions can also refer to the FSB-	analyzed the use of macroprudential tools	
		changes in asset prices and their	IMF-BIS progress report to the G20 on	at the international level. It has also	
		implications for the macro economy and	Macroprudential policy tools and	identified a number of instruments	
		the financial system. (Washington)	<u>frameworks (Oct 2011)</u> , and the IMF	currently in use in Mexico for	
			paper on Macroprudential policy, an	microprudential objectives that could be	
			organizing framework (Mar 2011).	easily used for macroprudential purposes.	
				The macroprudential measures	
				implemented during the last two years	
				include: Limits on maturity mismatch in	
				foreign currency; limits on interbank	



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

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



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
15	Improved cooperation	Supervisors and central banks should	Jurisdictions can make reference to the	Implementation ongoing or completed	Planned actions (if any):
	•			0	-
				Understanding, MMoU) for information exchange purposes. Additionally, the CNSF has signed MoUs with supervisory agencies from those jurisdictions in	



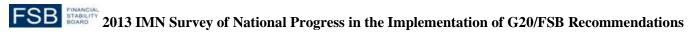
No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				which the holding companies of	
				insurance subsidiaries operating in	
				Mexico are domiciled. The CNBV	
				participates in supervisory colleges of	
				five G-SIFIs whose subsidiaries are	
				operasting in Mexico. The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



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VI.	Improving oversight of	f credit rating agencies (CRAs)			
16 (23) (24)	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.	Jurisdictions should indicate the policy measures undertaken for enhancing regulation and supervision of CRAs.  They should also indicate its consistency with the following IOSCO document:  • Code of Conduct Fundamentals for Credit Rating Agencies (May 2008)  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); and	Implementation ongoing or completed  If "Not applicable " or "Applicable but no action envisaged" has been selected, please provide a brief justification:  Issue is being addressed through:  □ Primary / Secondary legislation  □ Regulation /Guidelines  □ Other actions (such as supervisory actions), please specify:  Status of progress:  Reform effective (completed) as of: February 2012  Short description of the content of the legislation/ regulation/guideline:  All CRAs whose ratings are used for regulatory purposes are subject to a	Planned actions (if any):  Financial authorities monitor on a continuous basis the international regulatory developments in order to maintain the best regulatory approach for CRAs. The CNBV has worked on a proposal to amend the Securities Market Law to strengthen the powers for sanctioning CRAs from inadequate or wrongful practices and is currently working in the new regulatory framework to improve the quality and integrity of the credit rating process to avoid conflicts of interest, aiming to avoid regulatory asymmetries with other regulations.  Expected commencement date:
(25)		The oversight framework should be consistent across jurisdictions with appropriate sharing of information between national authorities, including through IOSCO. (London)  Regulators should work together towards appropriate, globally compatible solutions (to conflicting compliance obligations for CRAs) as early as possible in 2010. (FSB 2009)	• Credit Rating Agencies: Internal Controls Designed to Ensure the Integrity of the Credit Rating Process and Procedures to Manage Conflicts of Interest (Dec 2012).  er towards ee ance as possible	regulatory oversight regime that includes, amongst others, their registration. CRAs are required to be authorized since 1999. In such year, the CNBV enhanced the requirements for authorization, including contingency plans and evidence of financial viability for the following two years; the firm's legal incorporation information and correspondingly, information from the shareholders, board's members and senior officers; a business plan, including operational manuals (including the description of the	Web-links to relevant documents:



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





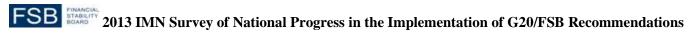
17 Reducing the rel (26) on ratings		No information on this recommendation	
	reducing reliance on external credit ratings. Standard setters, market participants, supervisors and central banks should not rely mechanistically on external credit ratings. (Seoul)  Authorities should check that the roles 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)	will be collected in the current IMN survey since a thematic peer review is taking place in this area during 2013.	



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VII.	Enhancing and alignin	g accounting standards			
	•		Jurisdictions should indicate the accounting standards that they follow and whether (and on what basis) they are deemed to be equivalent to IFRSs as published by the IASB. They should also explain the system they have for enforcement of consistent application of those standards.	Implementation ongoing or completed  If "Not applicable "or "Applicable but no action envisaged" has been selected, please provide a brief justification:  Issue is being addressed through:  □ Primary / Secondary legislation □ Regulation /Guidelines ☑ Other actions (such as supervisory actions), please specify:	Planned actions (if any):  The CNBV monitors, in a permanent basis, the development of international accounting standards and has continuous communication with both international and national accounting standard setters. Such communication is manly supported by the CNBV's participation at the IFRS Advisory Council meetings and equivalent bodies within the local
				Status of progress:  Reform effective (completed) as of: January 2012  Short description of the content of the legislation/ regulation/guideline:  Effective January 1, 2012, all listed companies except financial institutions were required to present their financial information according to IFRS, as issued by the IASB. Mexican financial institutions, other than non-financial listed entities, are required to comply with accounting criteria issued by the CNBV. Loan provisioning is based on an expected loss approach applicable to mortgage, consumer credit (including credit cards and personal loans) and loans for subnational government. Non listed entities should comply with the	standard setter structure. Moreover, the CNBV attends the accounting IOSCO and Basel Committee meetings. Attendance to those meetings allows the CNBV to share IFRS information among regulators and to promote consistent application of the standards. CNBV is still working with the National Standards Setter of Mexico (CINIF) in the process of convergence with IFRS. In particular, the CNBV is monitoring the development of IFRS, particularly regarding IFRS 9 "Financial Instruments".  Expected commencement date:  Web-links to relevant documents:



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





No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
19	Appropriate application	Accounting standard setters and	Jurisdictions should indicate the policy	Implementation ongoing or completed	Planned actions (if any):
(28)	of Fair Value Accounting	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	measures taken for appropriate application of fair value accounting.  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)	If "Not applicable " or "Applicable but no action envisaged" has been selected, please provide a brief justification:  Issue is being addressed through:  □ Primary / Secondary legislation □ Regulation /Guidelines □ Other actions (such as supervisory actions), please specify:  Accounting criteria	The CNBV is carrying out an assessment to determine the convenience of issuing a specific regulation on Fair Value. Current accounting rules require financial institutions to adopt fair value on some trading book activities. Upon issuance of IFRS 13 "Fair Value", the CNBV will assess the way to incorporate in their regulation, accounting criteria aligned to IFRS 13, since according to the current
		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)		Status of progress:  Reform effective (completed) as of: April 2013  Short description of the content of the legislation/regulation/guideline: In April 2013, as a result of the amendments made to the "Rules for market participants trading with listed derivative contracts "and "prudential provisions applicable to the trading of derivative listed contracts", some amendments were made on accounting standards applicable to such participants. Such changes incorporated the valuation of securities and other financial instruments that are part of the balance sheet of the clearing members and clearinghouses, stating that the valuation of such securities and other financial instruments should be made at fair value,	regulation fair value would correspond to values provided by price vendors.  Regarding the transfer of financial asset categories and hedge accounting requirements, the CNBV is waiting for a final draft of IFRS 9 "Financial Instruments" issued by IASB in order to evaluate the best way to incorporate changes into the Mexican regulatory framework.  Expected commencement date:  Web-links to relevant documents:



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



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VIII.	Enhancing risk manag	ement			
20 (31)	Enhancing guidance to strengthen banks' risk	Regulators should develop enhanced guidance to strengthen banks' risk	Jurisdictions should indicate the policy measures taken to enhance guidance to	Implementation ongoing or completed  If "Not applicable "or "Applicable but	Planned actions (if any): Banks' risk management practices: New
	management practices, including on liquidity and foreign currency funding risks	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)	strengthen banks' risk management practices. See, for reference, the Joint Forum's <u>Principles for the supervision of financial conglomerates (Sep 2012)</u> and the following BCBS documents:	no action envisaged" has been selected, please provide a brief justification:  Issue is being addressed through:  □ Primary / Secondary legislation □ Regulation / Guidelines	rules for corporate governance and internal controls for liquidity risk within the risk management framework for banks are being designed by the CNBV, taking into account the Principles for
(33)		National supervisors should closely check banks' implementation of the updated guidance on the management and supervision of liquidity as part of their regular supervision. If banks' implementation of the guidance is inadequate, supervisors will take more prescriptive action to improve practices.	<ul> <li>Principles for effective risk data         aggregation and risk reporting (Jan 2013)</li> <li>The Liquidity Coverage Ratio (LCR)         (Jan 2013)</li> <li>Principles for the sound management of operational risk (Jun 2011)</li> <li>Principles for sound stress testing</li> </ul>	Other actions (such as supervisory actions), please specify:  Status of progress:  Reform effective (completed) as of: Mid 90's for foreign currency operations, with several amendments since.  Short description of the content of the	Sound Liquidity Risk Management and Supervision of the BCBS. Monitoring guidance on liquidity risks: The CNBV is conducting preliminary assessments based on the adoption of the new liquidity and leverage standards. The new capital standard has been implemented in January 2013. Additionally, the CNBV and the Central Bank are finalizing the
(34)		(Rec. II.10, FSF 2008)  Regulators and supervisors in emerging markets <sup>4</sup> will enhance their supervision of banks' operation in foreign currency funding markets. (FSB 2009)	Jurisdictions may also refer to FSB's February 2013 thematic peer review report on risk governance.	legislation/ regulation/guideline:  MFA have developed a prudential regulatory framework for risk management practices and reinforced the supervisory oversight functions to complement global supervision requirements. Additionally, there is work	rules to incorporate the liquidity risk principles in the comprehensive risk management framework. Peer Review on Risk Management CNBV has incorporated and developed a supervisory programme that acknowledges best
(35)		We commit to conduct robust, transparent stress tests as needed. (Pittsburgh)		ongoing on: •Internal methodologies to estimate expected losses and loan-loss provisioning on credit portfolio.  Methodologies for revolving and non revolving consumer loans and for mortgages are published and there is	practice in risk management and risk governance issues. Next steps include the introduction of CNBV's supervisory experience and risk management's global practice into bank's regulation.  Preliminary work is in progress. The proposal is expected to be instrumented

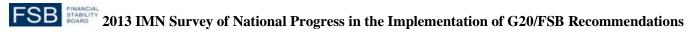
<sup>&</sup>lt;sup>4</sup> Only the emerging market jurisdictions may respond to this recommendation.



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



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





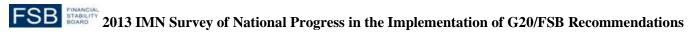
No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
21	Efforts to deal with	Our efforts to deal with impaired assets	Jurisdictions should indicate steps	Implementation ongoing or completed	Planned actions (if any):
(36)	impaired assets and raise additional capital	and to encourage the raising of additional capital must continue, where needed.  (Pittsburgh)	taken to reduce impaired assets and encourage additional capital raising. For example, jurisdictions could include here the amount of new equity raised by banks operating in their jurisdictions during 2012.	If "Not applicable " or "Applicable but no action envisaged" has been selected, please provide a brief justification:  Issue is being addressed through:  □ Primary / Secondary legislation □ Regulation / Guidelines □ Other actions (such as supervisory actions), please specify:	Regarding the impairment model proposed by IASB in its Exposure Draft issued on March 2013, the CNBV is reviewing it and will assess if it is appropriate to incorporate the new requirements into the Mexican regulatory framework as minimum requirement for loan loss provisioning
				The banking system is sound and well capitalized with an average total capital ratio of the banking sector of 16.3% as of	Expected commencement date:
				April 2013. Credit portfolio has performed adequately during the past years. Non-performing loans was 2.8%	Web-links to relevant documents:
				and the coverage ratio 199.9%, as of April 2013. Furthermore, loan loss credit reserves are based on an expected loss approach.	
				Status of progress: Reform effective (completed) as of: January 2013 Short description of the content of the legislation/ regulation/guideline: Sice January 2013, all banking	
				institutions must comply with the full capital standards of Basel III.  Banks regulation. In addition, loan loss credit reserves are based on an expected loss approach.  Web-links to relevant documents:	



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



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





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



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
X.	Safeguarding the integ	rity and efficiency of financial markets	S		
24 (39)	Enhancing market integrity and efficiency	We must ensure that markets serve efficient allocation of investments and savings in our economies and do not pose risks to financial stability. To this end, we commit to implement initial recommendations by IOSCO on market integrity and efficiency, including measures to address the risks posed by high frequency trading and dark liquidity, and call for further work by mid-2012. (Cannes)	Jurisdictions should indicate the progress made in implementing the following IOSCO reports:  • Report on Regulatory Issues Raised by the Impact of Technological Changes on Market Integrity and Efficiency (Oct 2011); and  • Report on Principles for Dark Liquidity (May 2011).	Implementation ongoing or completed  If "Not applicable "or "Applicable but no action envisaged" has been selected, please provide a brief justification:  Issue is being addressed through:  Primary / Secondary legislation  Regulation /Guidelines  Other actions (such as supervisory actions), please specify:  Status of progress:  Reform effective (completed) as of: December 2005  Short description of the content of the legislation/ regulation/guideline:  Article 245 of the Securities Market Law establishes that all operating trading systems in the stock exchanges should allow their members to participate on equal terms. To this end, these systems must meet, among others, the following requirements: • Ensure continuity in the trading of securities. • Consider contingency plans to avoid disruption, alteration, limitation and other acts or events that prevent the trading of securities. • To have mechanisms to maintain the integrity of the securities market. The implemented measures are: • A new trading engine (MoNeT) which	Planned actions (if any):  The CNBV and the Mexican Stock Exchange (BMV) are working to improve operative controls already implemented. These will include: • The adoption of market wide circuit breakers similar to those applied in the U.S. and Canada (April 2013). • Review of the singlestock circuit breakers parameters. • Pretrade controls review, based on the value of share trading. • Improvement of killer switches to halt a single communication channel in case of traffic messages increase. All measures mentioned will be clearly established in BMV's internal rules.  Expected commencement date:  July 2013  Web-links to relevant documents:  http://www.cnbv.gob.mx/Normatividad/D isposiciones%20de%20carácter%20gener al%20aplicables%20a%20las%20instituci ones%20de%20crédito.docx  http://www.cnbv.gob.mx/Normatividad/D isposiciones%20de%20carácter%20gener al%20aplicables%20a%20las%20casas%20de%20bolsa.docx

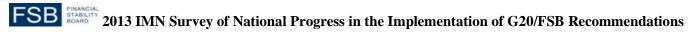


No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				radically improves technical attributes for	
				the operations (it reduces 240 times	
				latency and installed capacity to process	
				thousands of orders per second). • Ability	
				of the trading system of BMV to do	
				throttling. • In order to avoid dark pools	
				outside the trading venue, BMV has	
				implemented a midpoint block trade. •	
				Single-stock circuit breakers (CB) at two	
				levels; one based on the previous trading	
				day closing value on and the other	
				calculated on the average of the previous	
				5 minutes of operation, this CB restraint	
				sudden market movements produced by	
				algorithmic trading. • Pre-trade controls	
				avoid the entrance of erroneous orders.	
				Web Below 4	
				Web-links to relevant documents:	
				www.diputados.gob.mx/LeyesBiblio/pdf/	
				LMV.pdf	



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

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
No 25 (40)	Enhanced market transparency in commodity markets	We need to ensure enhanced market transparency, both on cash and financial commodity markets, including OTC, and achieve appropriate regulation and supervision of participants in these markets. Market regulators and authorities should be granted effective intervention powers to address disorderly markets and prevent market abuses. In particular, market regulators should have, and use formal position management powers, including the power to set exante 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)	Remarks  Jurisdictions should indicate the policy measures taken to enhance market transparency in commodity markets.  See, for reference, 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 report published by the IOSCO's Committee on Commodity Futures Markets based on a survey conducted amongst its members in April 2012 on regulation in commodity derivatives market.	Not applicable  If "Not applicable "or "Applicable but no action envisaged" has been selected, please provide a brief justification:  Not applicable since in Mexico there is no market for commodities  Issue is being addressed through:  Primary / Secondary legislation  Regulation /Guidelines  Other actions (such as supervisory actions), please specify:  Status of progress:  [No response]  Short description of the content of the legislation/regulation/guideline:  Web-links to relevant documents:	Planned actions (if any):  Expected commencement date:  Web-links to relevant documents:





No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
26 New	Legal Entity Identifier	We support the creation of a global legal entity identified (LEI) which uniquely identifies parties to financial transactions. (Cannes)  We encourage global adoption of the LEI to support authorities and market participants in identifying and managing financial risks. (Los Cabos)	Jurisdictions should indicate whether they have joined Regulatory Oversight Committee (ROC) and whether they intend setting up Local Operating Unit (LOU) in their jurisdiction.	Implementation ongoing or completed  If "Not applicable " or "Applicable but no action envisaged" has been selected, please provide a brief justification:  Issue is being addressed through:  □ Primary / Secondary legislation □ Regulation /Guidelines □ Other actions (such as supervisory actions), please specify:  In January 2013, the Banco de México and the CNBV became members of the Regulatory Oversight Committee of the Global LEI System.  Status of progress:  Draft in preparation, expected publication by: mid 2014  Short description of the content of the legislation/ regulation/guideline:  The Bank of Mexico is part of the ROC Executive Committee and the Committee of Evaluation and Standards. Service providers to perform as Local Operating Unit Services are under review. On June 2013, the FSSC assessed the road map for LEI implementation	Planned actions (if any): Under assessment of the best approach for adoption, including the determination of which market participant would operate as Local Operating Unit  Expected commencement date: 2013  Web-links to relevant documents:
				Web-links to relevant documents:	



Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
Enhancing financial co	onsumer protection			
-		Jurisdictions should describe progress toward implementation of the OECD's G-20 high-level principles on financial consumer protection (Oct 2011).	Implementation ongoing or completed  If "Not applicable " or "Applicable but no action envisaged" has been selected, please provide a brief justification:  Issue is being addressed through:  □ Primary / Secondary legislation  □ Regulation /Guidelines  □ Other actions (such as supervisory actions), please specify:  Banxico publishes every two months reports on basic indicators of credit cards and car loans. The reports' objective is to provide broad and comprenhensive information on these markets.  Status of progress:  Draft in preparation, expected publication by: September 2013  Short description of the content of the legislation/ regulation/guideline:  The Law for the Protection of Financial Services Consumers empowers  CONDUSEF to undertake surveillance, prevention and correction of financial practices by regulated intermediaries, through the issuance of a set of rules	Planned actions (if any): Within the National Council for Financial Inclusion, created in October 2011, there is a consumer protection group. This group's objectives are: • Identify, analyze and propose actions to solve any factor affecting the users of financial products. • Adopt international best practices on financial consumer protection.  Incorporate consumer protection consideration in the new business models and products promoted by the Council and the private sector.  Expected commencement date:  Web-links to relevant documents:
	Enhancing financial	consumer protection  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	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	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 repared 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 should describe progress toward implementation of the OECD's G-20 high-level principles on financial consumer protection (Oct 2011).  Implementation ongoing or completed If "Not applicable "or "Applicable but no action envisaged" has been selected, please provide a brief justification:  Issue is being addressed through:  Other actions (such as supervisory actions), please specify:  Banxico publishes every two months reports on basic indicators of credit cards and car loans. The reports' objective is to provide broad and comprenhensive information on these markets.  Status of progress:  Draft in preparation, expected publication by: September 2013  Short description of the content of the legislation:  Implementation ongoing or completed If "Not applicable "or "Applicable but no action envisaged" has been selected, please provide a brief justification:  Issue is being addressed through:  Implementation ongoing or completed the mocation envisaged" has been selected, please provide a brief justification:  Issue is being addressed through:  Implementation ongoing or completed the mocation envisaged" has been selected, please provide a brief justification:  Issue is being addressed through:  Implementation ongoing or completed to five description of financial stability of consumer selected, please provide a brief justification:  Issue is being addressed through:  Implementation on disciplenting the pr



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



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

## **Source of recommendations:**

Los Cabos: The G20 Leaders Declaration (18-19 June 2012)

Cannes: The Cannes Summit Final Declaration (3-4 November 2011)

Seoul: The Seoul Summit Document (11-12 November 2010)

Toronto: The G-20 Toronto Summit Declaration (26-27 June 2010)

Pittsburgh: Leaders' Statement at the Pittsburgh Summit (25 September 2009)

London: The London Summit Declaration on Strengthening the Financial System (2 April 2009)

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

FSF 2008: The FSF Report on Enhancing Market and Institutional Resilience (7 April 2008)

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

FSB 2009: The FSB Report on Improving Financial Regulation (25 September 2009)

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

## XIII. **List of Abbreviations used:**

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

CNSF: National Insurance and Sureties 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)

FSAP: Financial Sector Assessment Program FSSC: Financial System Stability Council

Mexican Banking Law (LIC)

MFA: Mexican Financial Authorities

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