

ANNEX III
SCHEDULE OF MEXICO

HEADNOTES

1. Commitments in Chapter 11 (Financial Services) a

ANNEX III

Section A

Sector:	Financial Services
Sub-Sector:	Banking and other financial services (excluding insurance)
Obligations Concerned:	National Treatment (Article 11.3)
Level of Government:	Central
Measures:	Credit Unions Law (<i>Ley de Uniones de Crédito</i>), Article 21
Description:	<p>Participation by any individual or legal entity, whether direct or indirect, in the equity of a credit union shall not exceed 15 per cent, unless authorised by the National Commission on Banking and Securities (<i>Comisión Nacional Bancaria y Valores</i>) (CNBV).</p> <p>Notwithstanding the above paragraph, any foreign individual or legal entity, as well as foreign entities without legal capacity, may hold up to 15 per cent of the equity of a credit union, indirectly, through a Mexican legal entity.</p>

Sector:	Financial Services
Sub-Sector:	All
Obligations Concerned:	National Treatment (Article 11.3) Market Access for Financial Institutions (Article 11.5)
Level of Government:	Central
Measures:	<p>Law to Regulate Financial Groups (<i>Ley para Regular las Agrupaciones Financieras</i>), Articles 68, 70, 72 and 74</p> <p>Credit Institutions Law (<i>Ley de Instituciones de Crédito</i>), Articles 45-A section I, 45-B, 45-E, 45-G and 45-I</p> <p>Securities Market Law (<i>Ley del Mercado de Valores</i>), Articles 2, section VIII, 160, 161, 163 and 165</p> <p>Insurance and Bonding Companies Law (<i>Ley de Instituciones de Seguros y Fianzas</i>), Articles 2, section XI, 74, 75, 78 and 79</p> <p>Law of Credit Organisations and Auxiliary Activities (<i>Ley General de Organizaciones y Actividades Auxiliares del Crédito</i>), Articles 45 Bis 1, section I, 45 Bis 2, 45 Bis 3, 45 Bis 5 and 45 Bis 7</p> <p>Investment Funds Law (<i>Ley de Fondos de Inversión</i>), Articles 62, section I, 63, 64 and 66</p> <p>Retirement Savings System Law (<i>Ley de los Sistemas de Ahorro para el Retiro</i>), Article 21</p> <p>Rules for the Establishment of Foreign Financial Institution Subsidiary Companies (<i>Reglas para el Establecimiento de Filiales de Instituciones Financieras del Exterior</i>), Rules Eighth and Ninth</p>
Description:	<p>In order to invest in the equity of a Mexican subsidiary of a financial groups holding company, a commercial bank, a securities firm, a bonding company, an insurance company, a foreign exchange firm, a general deposit warehouse, a managing company of investment funds, an investment fund stock distribution company, and a retirement funds management company, a financial institution of another Party must:</p> <p style="margin-left: 40px;">(a) directly or indirectly, perform in the territory</p>

of that other Party, in accordance with the applicable law, the same type of operations that the subsidiary in question is allowed to perform in Mexico;

- (b) be incorporated in a country with which Mexico has entered into an international treaty or agreement that allows the establishment of subsidiaries in Mexico, and
- (c) obtain prior authorisation of the Mexican financial authorities and comply with the requirements set out in the respective law.

The financial institutions of another Party must own at least 51 per cent of the subsidiary's equity.

Sector:	Financial Services
Sub-Sector:	All
Obligations Concerned:	Market Access for Financial Institutions (Article 11.5)
Level of Government:	Central
Measures:	<p>Law to Regulate Financial Groups (<i>Ley para Regular las Agrupaciones Financieras</i>), Article 67, sections I and II</p> <p>Credit Institutions Law (<i>Ley de Instituciones de Crédito</i>), Article 45-A, sections I and II</p> <p>Securities Market Law (<i>Ley del Mercado de Valores</i>), Article 2, sections VIII and XIII</p> <p>Insurance and Bonding Companies Law (<i>Ley de Instituciones de Seguros y Fianzas</i>), Article 2, sections XI and XVIII</p> <p>Law of Credit Organisations and Auxiliary Activities (<i>Ley General de Organizaciones y Actividades Auxiliares del Crédito</i>), Article 45 Bis 1, sections I and II</p> <p>Investment Funds Law (<i>Ley de Fondos de Inversión</i>), Article 62, sections I and II</p> <p>Retirement Savings Systems Law (<i>Ley de los Sistemas de Ahorro para el Retiro</i>), Article 21</p>
Description:	Branches of financial institutions of another Party are not permitted in Mexican territory. ¹

¹ For clarification purposes, this should not be considered as a departure from Mexico's position in other international agreements it has entered into.

Sector:	Financial Services
Sub-Sector:	All
Obligations Concerned:	National Treatment (Article 11.3)
Level of Government:	Central
Measures:	<p>Law to Regulate Financial Groups (<i>Ley para Regular las Agrupaciones Financieras</i>), Article 24</p> <p>Credit Institutions Law (<i>Ley de Instituciones de Crédito</i>), Article 13</p> <p>Securities Market Law (<i>Ley del Mercado de Valores</i>), Articles 117 and 237</p> <p>Law to Regulate Credit Information Corporations (<i>Ley para Regular las Sociedades de Información Crediticia</i>), Article 8</p> <p>Insurance and Bonding Companies Law (<i>Ley de Instituciones de Seguros y Fianzas</i>), Article 50, section I</p> <p>Retirement Saving System Law (<i>Ley de los Sistemas de Ahorro para el Retiro</i>), Article 21</p> <p>Law of Credit Organisations and Auxiliary Activities (<i>Ley General de Organizaciones y Actividades Auxiliares de Crédito</i>), Article 8, section III</p> <p>Investment Funds Law (<i>Ley de Fondos de Inversión</i>), Article 37</p> <p>Credit Unions Law (<i>Ley de Uniones de Crédito</i>), Article 21</p>
Description:	<p>Foreign governments are not allowed to participate in the equity of Mexican financial groups holding companies, commercial banks, securities firms, stock exchange, credit information corporations, bonding companies, insurance companies, retirement funds management companies, foreign exchange firms, auxiliary credit organisations, general deposit warehouses, managing companies of investment funds, investment fund stock distribution companies, investment fund stock value assessment companies or credit unions, except:</p> <ol style="list-style-type: none"> 1. When they do it as a temporary prudential measure, such as support or bailouts. <p>Financial entities in this scenario will submit to the</p>

corresponding financial authority the information and documents that prove they fall within this exception.

2. When said participation implies control² over such financial institutions, and is carried out through official legal entities, such as funds and development governmental entities, prior discretionary authorisation by the corresponding financial authority, which has to determine that such legal entities:

- (a) do not exercise governmental functions; and
- (b) their managing boards are independent from the respective foreign government.

3. When the participation is indirect and does not involve the control of the financial institutions.

² The term “control” is defined in each corresponding Act.

Sector:	Financial Services
Sub-Sector:	All
Obligations Concerned:	Senior Management and Boards of Directors (Article 11.9)
Level of Government:	Central
Measures:	<p>Credit Institutions Law (<i>Ley de Instituciones de Crédito</i>), Articles 23, 24, 45-K and 45-L</p> <p>Securities Market Law (<i>Ley del Mercado de Valores</i>), Articles 124, 128, 131 and 168</p> <p>Law to Regulate Financial Groups (<i>Ley para Regular las Agrupaciones Financieras</i>), Articles 35, 60 and 77</p> <p>Popular Savings and Credit Law (<i>Ley de Ahorro y Crédito Popular</i>), Articles 21 and 23</p> <p>Credit Unions Law (<i>Ley de Uniones de Crédito</i>), Article 26</p> <p>Law of Credit Organisations and Auxiliary Activities (<i>Ley General de Organizaciones y Actividades Auxiliares del Crédito</i>), Articles 8, section X, 8 Bis 1, 8 Bis 3, 45 Bis 11, 45 Bis 12 and 45 Bis 13</p> <p>Law to Regulate the Activities of Savings and Loans Cooperative Companies (<i>Ley para Regular las Actividades de las Sociedades Cooperativas de Ahorro y Préstamo</i>), Article 5, section I</p> <p>Cooperative Companies General Law (<i>Ley General de Sociedades Cooperativas</i>), Article 7</p> <p>Insurance and Bonding Companies Law (<i>Ley de Instituciones de Seguros y Fianzas</i>), Articles 56, 58, 60 and 82</p> <p>Investment Funds Law (<i>Ley de Fondos de Inversión</i>), Article 73</p> <p>Retirement Savings Systems Law (<i>Ley de los Sistemas de Ahorro para el Retiro</i>), Articles 50, section V and 66 Bis, section I</p> <p>Rules for the Establishment of Foreign Financial Institution Subsidiary Companies (<i>Reglas para el Establecimiento de Filiales de Instituciones Financieras del Exterior</i>), Rule Tenth</p> <p>Rules Applicable to Clearing Houses for Card Payments (<i>Reglas Aplicables a las Cámaras de Compensación para Pagos con Tarjetas</i>), Rule Second</p>

Sector:	Financial Services
Sub-Sector:	Banking and other financial services (excluding insurance)
Obligations Concerned:	National Treatment (Article 11.3) Market Access for Financial Institutions (Article 11.5)
Level of Government:	Central
Measures:	Securities Market Law (<i>Ley del Mercado de Valores</i>), Article 167
Description:	If a subsidiary securities firm acquires a Mexican securities firm, both financial institutions must merge.

Sector: Financial Services

Sub-Sector: Banking and other financial services

Sector:	Financial Services
Sub-Sector:	Banking and other financial services (excluding insurance)
Obligations Concerned:	Market Access for Financial Institutions (Article 11.5)
Level of Government:	Central
Measures:	Securities Market Law (<i>Ley del Mercado de Valores</i>), Article 234
Description:	In order to be organised as a stock exchange, it is required to obtain prior concession from the Federal Government, which may be granted at the discretion of the financial authorities. The granting of such concessions will be subject to considerations regarding the market's development.

that may take place in Mexico; and

- (e) insurance against all the other industries for risks that may take place in Mexican territory. Insurance acquired by non-residents in Mexican territory outside of Mexico for their persons or vehicles to cover risks during their eventual entries will not be considered as such.

2. In the following cases, the National Insurance and Bonding Commission (*Comisión Nacional de Seguros y Fianzas*) (*CNSF*), may make an exception from paragraph 1:

- (a) to the companies of another Party that, with prior authorisation of the National Insurance and Bonding Commission (*Comisión Nacional de Seguros y Fianzas*), and complying with the requirements established by it, enter into insurance contracts in Mexico to cover risks that may only take place in the foreign country where they are authorised to provide insurance services;
- (b) to the person that proves that none of the insurance companies authorised to operate in the country, either is able or deems convenient to enter into a given insurance operation proposed to it. In this case, a specific authorisation will be granted so that the insurance may be contracted with an entity of another Party, either directly or through a Mexican insurance company.

3. The brokerage of insurance, agency of insurance and auxiliary services for the operations listed in paragraph 1 is forbidden.

4. The contracts entered into that contravene the aforementioned provisions will not have any legal effect.

Sector:	Financial Services
Sub-Sector:	Banking and other financial services (excluding insurance)
Obligations Concerned:	Cross-Border Trade (Article 11.6)
Level of Government:	Central
Measures:	Insurance and Bonding Companies Law (<i>Ley de Instituciones de Seguros y Fianzas</i>), Articles 34 and 35
Description:	<ol style="list-style-type: none"> 1. It is forbidden to contract with foreign companies bonds to guarantee acts of persons that must comply with obligations in Mexican territory, except for rebonding or when the bonds are received by Mexican bonding institutions as counterguarantee. 2. Notwithstanding the prohibition in paragraph 1, if none of the financial institutions authorised to operate in Mexico can or deems it convenient to undertake a bonding operation proposed to it, the National Insurance and Bonding Commission (<i>Comisión Nacional de Seguros y Fianzas</i>) (<i>CNSF</i>) once the above-mentioned circumstances have been proved to it, will grant a specific authorisation so that the individual proposing it may contract the bond directly with a foreign company, either directly or through a financial institution of Mexico. 3. The brokerage of the operations described in paragraph 1 is forbidden. 4. The contracts entered into that contravene the aforementioned provisions will not have any legal effect.

Sector:	Financial Services
Sub-Sector:	All
Obligations Concerned:	National Treatment (Article 11.3)
Level of Government:	Central
Measures:	<p>Insurance and Bonding Companies Law (<i>Ley de Instituciones de Seguros y Fianzas</i>), Article 337, section X</p> <p>Regulation of Insurance and Bonding Agents (<i>Reglamento de Agentes de Seguros y de Fianzas</i>), Article 12, section V, subparagraph (b)</p> <p>Rules for the authorisation and operation of reinsurance brokers (<i>Reglas para la autorización y operación de intermediarios de reaseguros</i>), Rule Fourth</p>
Description:	<p>Governments or official foreign entities may not participate in mutual insurance companies, the equity of insurance and bonding agencies, or the equity of reinsurance brokers, either directly or indirectly.</p> <p>Foreign financial entities may not participate in insurance or bonding agencies, or mutual insurance companies.</p> <p>Groups of foreign individuals or legal entities, regardless of the form they adopt, may not participate in the equity of mutual insurance companies, either directly or indirectly. For clarification purposes, foreign individuals may participate in mutual insurance companies as long as they do so individually and not as part of a group or entity.</p>

ANNEX III

Section B

Sector:	Financial Services
Sub-Sector:	All
Obligations Concerned:	Market Access for Financial Institutions (Article 11.5) Cross-Border Trade (Article 11.6) Senior Management and Boards of Directors (Article 11.9)
Level of Government:	Central
Description:	<p>Mexico, when selling or disposing of its equity interest in, or the assets of, an existing state enterprise or an existing governmental entity, may prohibit or impose limitations on the ownership of such interest or assets, and on the ability of owners of such interest or assets to control any resulting enterprise, by investors of Mexico of another Party or of a non-Party or their investments.</p> <p>Additionally, Mexico may impose limitations on the supply of the services related to such investments. With respect to such a sale or other disposition, Mexico may adopt or maintain any measure relating to the nationality of individuals appointed to senior management positions or members of the board of directors.</p> <p>For the purposes of this reservation:</p> <ul style="list-style-type: none">(a) any measure maintained or adopted after the date of entry into force of this Agreement that, at the time of sale or other disposition, prohibits or imposes limitations on the ownership of equity interest or assets or imposes nationality requirements described in this reservation shall be deemed to be an existing measure; and(b) “state enterprise” means an enterprise owned

or controlled through ownership interest by Mexico and includes an enterprise established after the date of entry into force of this Agreement solely for the purposes of selling or disposing of equity interest in, or the assets of, an existing state enterprise or governmental entity.

Sector:	Financial Services
Sub-Sector:	Banking and other financial services (excluding insurance)
Obligations Concerned:	National Treatment (Article 11.3)
Level of Government:	Central
Description:	Mexico reserves the right to adopt or maintain measures that grant exclusive rights to development banks, decentralised entities or public funds for the economic development already established at the time that this Agreement comes into force, as well as any new, reorganised or transferee development bank, decentralised entity or public fund for the economic development with similar functions and objectives with respect to development banking.

The institutions of development banking include:

- (a) National Financial Institution, S.N.C. (*Nacional Financiera, S.N.C.*);
- (b) National Bank of Public Works and Services, S.N.C. (*Banco Nacional de Obras y Servicios Públicos, S.N.C.*);
- (c) National Bank of Foreign Trade, S.N.C. (*Banco Nacional del Comercio Exterior, S.N.C.*);
- (d) Federal Mortgage Corporation, S.N.C. (*Sociedad Hipotecaria Federal, S.N.C.*);
- (e) National Savings and Financial Services Bank, S.N.C. (*Banco del Ahorro Nacional y Servicios Financieros, S.N.C.*);
- (f) National Bank of the Army, Air Force and Navy, S.N.C. (*Banco Nacional del Ejército, Fuerza Aérea y Armada, S.N.C.*),

or their respective successors.

Sector:	Financial Services
Sub-Sector:	All
Obligations Concerned:	National Treatment (Article 11.3)
Level of Government:	Central
Description:	Mexico reserves the right to adopt or maintain measures that grant advantages or exclusive rights to the national insurance institutions, national bonding institutions, a national pension fund or national auxiliary organisations of credit in existence at the date of entry into force of this Agreement, as well as any new, reorganised or transferee national insurance institution, national bonding institution, a national pension fund or national auxiliary organisation of credit with similar functions and objectives with respect to public policy purposes.

Sector:	Financial Services
Sub-Sector:	All
Obligations Concerned:	Market Access for Financial Institutions (Article 11.5)
Level of Government:	Central
Description:	Mexico reserves the right to adopt or maintain any measure in relation to any financial service that is supplied by a covered investment as defined in Article 9.1 (Definitions) that is not a covered investment in a financial institution as defined in Article 11.1 (Definitions), in order to regulate such entity as a financial institution.