



ANNUAL
REPORT
2012



COMISION NACIONAL
BANCARIA Y DE VALORES

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PRESIDENT'S MESSAGE

The 2012 Annual Report presented below summarizes the activities undertaken during the year by the *Comisión Nacional Bancaria y de Valores* (CNBV - National Banking and Securities Commission) and points out the main results obtained in the period. Such results were a major driving factor for the country's economic stability and for the financial sector good performance, even in the light of an unfavorable international environment, caused by the combined effect of the European financial crisis and the weakening of global economic activity.

The CNBV performance was focused on fulfilling the mandate derived from its legal framework, i.e., Mexican financial system regulation and supervision to ensure both its stability and proper operation as well as to encourage its healthy and balanced development, therefore protecting public's interest. Consequently, 2012 emphasis was on: designing an effective and cautious regulation; using a permanent monitoring system based on periodic analysis of available information; programming inspection visits based on the assessment of inherent and potential risks of institutions; enforcing preventive and corrective measures whenever necessary; and imposing disciplinary measures and sanctions regarding circumstances required so.

The CNBV worked closely with other national financial authorities to perform these functions, besides cooperating jointly with foreign supervisory authorities sharing the same purpose. Considering all this, today it is possible to state that, in general, the country's banking and financial system operates according to healthy procedures; complies with applicable regulations and show a stable, solvent and robust condition. As an example of this strength, it should be noted the future coming into effect of the new capitalization rules to which the Mexican banking system will be subject to during 2013. These were established in accordance with international guidelines known as Basel III and were issued together with other authorities in the financial sector on November, 2012.



JAIME GONZÁLEZ AGUADÉ / PRESIDENT

In order to reinforce these strengths, safeguard the financial system stability and take care of potential concerns, the CNBV continued working with the Financial System Stability Board (CESF, in Spanish). Accordingly, the systemic risk measures and other financial stability metrics estimated by the CNBV were used to analyze potential vulnerabilities of the Mexican banking system stability. Such analysis is part of the second Annual Report about the Financial System Stability Status, published by the CESF.

On the other hand, in order to keep the proper financial system overall operation and exercising its powers, the CNBV revoked operating licenses of some intermediaries when problematic situations were identified or when breaches to parameters set forth by the regulation were disclosed. These acts of authority managed to provide an orderly way out to those entities whose status was unfeasible from a financial and operational standpoint. Furthermore, the decision to authorize operation of new financial intermediaries was taken, after checking that applications met all established requirements. Six of these authorizations were granted for the operation of new specialized banks, which are expected to increase the entire financial system competitiveness, expand coverage of nationwide financial services and offer new products and services to the market in the years to come.

In this sense, the CNBV made significant efforts to increase the Mexican financial system penetration, with the intention of making it more comprising and of helping to have a wider range of services and products designed to meet the needs of sectors not currently attended. During 2012, there was a strong activity regarding financial inclusion and, in particular, works to define a national strategy on the issue began and public policy initiatives to stimulate offer and use of financial services were analyzed, with particular emphasis was given to both business models development matters (especially to branchless banking) and consumer's protection (particularly needs detection and financial education).

Besides, there was some collaboration with international organizations specialized in this subject and a leadership role was assumed in vari-

ous forums and working groups. Finally, works to reach an adequate measurement of financial inclusion, generation of information and widening the corresponding dissemination continued, in order to enrich such debate. The database on financial inclusion which has been made since 2009, continued to be updated quarterly. Additionally, the *Reporte de Inclusión Financiera* (RIF4) was published, with the aim to provide valuable elements for discussion and decision-making of the various interested parties, from both public and private sector.

In addition, one of the challenges faced by the CNBV during the year was to carry out monitoring on prevention of operations with illicit resources and terrorist financing (PLD/FT, in Spanish), not only from intermediaries who traditionally are within the scope of its responsibilities, but also of new regulated entities (unregulated multi-purpose financial companies, currency exchange offices and money transmitters), since this responsibility was entrusted to the CNBV by the regulatory framework reforms published in 2011 and 2012. On this behalf, it was sought to encourage a compliance culture related to PDL/FT among the new regulated entities through various mechanisms for spreading significant information (international suggestions and warnings on duties, among others) and resolution of doubts. This complemented the CNBV's actions to assure compliance with regulations and to encourage a proper management of risks in entities, in order to lower their vulnerability from the PDL/FT point of view.

As a final comment, I believe that significant progress has been achieved in many matters, although there are still major challenges to be met. However, so far positive results of regulation and supervision undertaken by the National Banking and Securities Commission's responsibility are reflected in the stability, inclusion and integrity of the Mexican financial system, which is in a favorable position to establish itself as the driving force of Mexico's economic growth. All officers serving at the CNBV are committed to continue working not only to preserve but also to strengthen successes reached for the benefit of the Mexican financial system and the country's economy.

EXECUTIVE SUMMARY

The current 2012 Annual Report of the National Banking and Securities Commission (CNBV, in Spanish) contains the main activities carried out during the period, as well as a description of the challenges faced and the most relevant results achieved. This report's submission is a duty complying with Article 16, Section VII of the Law of the National Banking and Securities Commission.

The Annual Report's first chapter describes the developed supervision tasks within the CNBV's scope of competence. In that regard, in 2012 activities to improve monitoring were carried out through application of modern and efficient techniques. In this sense, the tool to standardize main methodologies, policies and monitoring procedures was updated, and cross supervision was also strengthened (performed uniformly for all sectors aiming to complete supervision according to entity type).

Regarding that, processes to collect information sent by entities were consolidated, besides exploitation of existing databases, analysis of main variables and more timely dissemination of public information. In particular, a new methodology to weigh quality of information was implemented, which consists of a scoring system to evaluate punctuality and other features of submitted figures. In contrast, the CNBV made an exercise on financial projections under stress conditions to commercial banking for the 2012-2014 period, facing three scenarios: one base scenario and two adverse scenarios regarding macroeconomic environment and expected losses.

To improve supervision of financial risks, significant activity models of the entities were created to analyze its risk management process. Systematic application of these models generated positive results, as standardization of supervision practices, standardization of criteria for entities evaluation, and presentation of high impact observations that are best supported. Regarding systemic risk, a working group being responsible for macro prudential issues was created in June, in order to encourage financial system

stability based on regulatory and supervisory actions. Additionally, based on the estimated measurements of financial stability, CNBV contributed data for the analysis of potential vulnerabilities of the Mexican banking system stability, included in the second Annual Report about the Financial System Stability Status, published by the Financial System Stability Board (CESF, in Spanish).

Similarly, practices to monitor operational and technological risk were adjusted to reflect changes in the regulatory framework, to maintain a standardized review of control points in supervised entities and to accurately measure every inspection results. In general, related visits focused on reviewing internal controls, infrastructure, security and customer service schemes, among other relevant issues. Likewise, there was a continuous improvement on the approach for monitoring investment management and assessment activities, specially emphasizing on uniform criteria application, generation of scale economies and achievement of significant results contributing to proper rendering of investment services.

Regarding prevention of operations with illicit resources and terrorist financing (PLD/FT), in 2012 the CNBV faced the challenge of overseeing both traditional financial intermediaries and over 5,000 new entities regulated on this matter in accordance with the new general provisions applicable to currency exchange offices, money transmitters and credit unions. On this matter, new risk-based inspection procedures were developed and information diffusion measures were implemented through the CNBV Web site.

The analysis of the stock markets evolution in the country was also continued and a constant monitoring on its behavior was kept. In this sense, despite the complex global economic scenario, in 2012 the Mexican capital market reached a price level higher than that of the previous year. Particularly, the debt market kept higher placement levels, driven by numerous issuances of short, medium and long-term instruments made by different participants. It should be pointed out that, to sustain observed growth and keep the Mexican stock market forefront of technology, the CNBV promoted the creation of a new trading system in the Mexican Stock Exchange (BMV, in Spanish) named MoNet, which was released in September.

In 2012, regular visits were made to most supervised entities, as well as special and research visits in particular cases. Visits to support the authorization processes of new entities were also made to verify full compliance with regulatory requirements before they started their operations. The performance-monitoring task of supervised entities also continued and periodic reports on financial analysis were prepared. As a result of all these activities, it was verified that the entities were complying with the applicable regulatory framework and their adequate operation was encouraged, which, in turn, helped to strengthen the complete financial system stability and soundness.

The second chapter is a summary of the main changes made to the current regulations and of the new rules issued by the CNBV through general provisions that various entities and individuals must comply with. Some of these efforts focused on updating, consolidating and simplifying the regulatory framework, with emphasis on prudential and accounting issues.

Regulations on accounting and financial reporting standards were modified in several sectors, involving an ongoing effort made to harmonize the used criteria; favoring comparison of information; fostering convergence and consistency of national rules with international standards, and, in some cases, dealing with received remarks. As for prudential regulation affairs, and related to credit institutions, certain amendments to net capital integration, capitalization requirements, risk diversification and on-line banking operations were made known. Moreover, in order to safeguard public interest, general provisions applicable to brokerage firms and credit institutions regarding investment services were issued. In the case of stock market participants and instruments, new obligations for issuers were determined and additional provisions regarding the operation of securities rating agencies were established. Finally, provisions governing the International Quotations System (SIC, in Spanish) were amended. On the other hand, new rules or modifications to the existing rules were issued related to saving and loan cooperatives.

As bottom line, published amendments to CNBV internal regulations are highlighted, since during 2012 changes were included in the Agreement through which the CNBV's President delegates authority to

Vice Presidents, General Directors and Deputy General Directors of the Commission itself; in the Agreement which organically affiliates the CNBV's administrative units and, finally, to the Agreement through which the National Banking and Securities Commission Board of Directors delegated to the President, Legal Vice President, Offenses and Penalties Head Officer and, A and B Penalties Deputy General Directors of the CNBV itself.

The third chapter of the Report refers to the activities undertaken in exercising authorization powers of the CNBV, both for the organization and operation of such entities, as well as for enforcing various acts set forth on the law. Concerning the aforementioned, throughout the year, the organization and operation of six new banks was authorized, most of which were previously operating entities under different legal frameworks who decided to become credit institutions with a specialized business approach. Likewise, entities in other sectors were authorized (a brokerage firm, a mutual funds distributor, a company managing operation systems to ease securities transactions and seven savings and loan cooperatives), as well as the establishment of three representative offices of foreign banks in Mexican territory and a representative office of a Mexican bank was created in Canada.

As for the stock market, securities public offerings were also authorized in equity and debt markets (including offers of development capital certificates and real estate trust certificates, FIBRA) and of debt, in addition to securitizations of different assets (mortgage loans, receivables, toll fees, and others). On the other hand, Currency Exchange Offices and Money Transmitters Registration was included in the CNBV website on the Internet, through which 206 new registries were granted (182 currency exchange offices and 24 money transmitters).

In chapter four of the report, the CNBV international activities are shown, i.e., its participation in multilateral, global or regional cooperation schemes, and in bilateral cooperation agreements. One of the most significant issues is that, throughout 2012, the CNBV strengthened its role both in the Basel Committee on Banking Supervision (<http://www.bis.org/bcbs>), whose works focused on the Basel III Agreement, as well as in the collegiate body that runs it and on various working groups that discussed issues about

liquidity, systemically significant domestic banks, internal audit, disclosure of capital composition and principles for the supervision of financial conglomerates. Institutional representation was also strengthened in the International Organization of Securities Commissions, its governance bodies and its working groups; particularly, the CNBV collaborated in the development of projects related to investor protection, integrity of market participants, transparency in counter derivatives markets and strengthening of financial market infrastructure.

The CNBV also played an important leadership role in other regional bodies: it was appointed to serve as Co-Chairman in the new Working Group on Cooperation and Information Exchange in the Regional Consultative Group for the Americas (RCGA) within the Financial Stability Board (organism which consolidates international efforts towards worldwide financial system stability) and it was also elected to act as Chairman of the Board of Directors of the Association of Supervisors of Banks of the Americas. And, finally, it also had an intense activity in specialized agencies regarding prevention of money laundering and terrorist financing, such as the Financial Action Task Force (GAFI, in Spanish) and the Financial Action Task Force of South America (GAFISUD, in Spanish).

Achievements in economic research on the Mexican financial system and issues related to the CNBV's mandate are also described in this same chapter. Throughout the year, preparation of studies contributed to: better understand the system, examine regulation impact on its participants, provide sound analytical elements and enrich discussion on greatest interest issues to the authorities, institutions and academic community. In this regard, the highlight was the presentation of the first volume of Estudios económicos CNBV, which included eight research works showing varied methodological approaches and whose topics include banking sector, credit market, impact of certain changes to the Securities Market Act and liquidity risk of the limited purpose finance companies, specialized in mortgage credit, among others.

Finally, this chapter contains a description of progress achieved in financial inclusion, a subject in which the CNBV has been active for several years. Internationally, there was an intense collaboration with

multilateral organizations specializing in this area and, specifically, a role of leadership was assumed in measurement and generation of information initiatives. On that subject, the CNBV worked with the Global Partnership for Financial Inclusion G20 (GPMI) and participated in the Alliance for Financial Inclusion (AFI), both in AFI's Executive Committee and in three working groups (data for financial inclusion, mobile financial services and financial integrity). This has been reflected in the design of a more robust conceptual framework at national level. Meanwhile, nationwide the CNBV concentrated on encouraging coordination among authorities and widening information dissemination. Thus, it collaborated with the National Council for Financial Inclusion (CONAIF, in Spanish) pointing out branchless banking issues, development of indicators, financial education and consumer protection, additionally making some releases such as the Cuarto Reporte de Inclusión Financiera.

The fifth chapter deals with the CNBV legal proceedings, which groups functions like ensuring an adequate internal legal control; providing legal advice on various issues; stating crime opinions and impose penalties; representing CNBV in proceedings in which it is involved and meet information and documentation requirements asked by other national authorities (judicial, treasury or administrative). Positive results were obtained in all the previously mentioned matters during 2012, as well as a significant number of resolutions favorable to the CNBV's interests. Efforts implemented by different areas to streamline the procedure for sanctioning and to continue improving attention paid to a large number of information requests received from the mentioned authorities are worth mentioning.

The sixth and final chapter of the report contains the main tasks performed by the CNBV internal management throughout the year, which supported its performance and guaranteed its operation. The CNBV preserved certification for its quality management system, in addition to actively promoting the implementation and updating of institutional methodologies for process and project management. Moreover, the information technology platform and systems in use were updated once again, besides developing and putting into operation new systems basically serving needs expressed by the areas, mainly the supervision departments. A module to manage registration of new regulated entities (currency exchange offices money transmitters) was concluded; systems used by supervised entities to submit their regulatory reports to the CNBV were updated; taking care of other authorities' requirements was streamlined and, finally, communication infrastructure, data processing and information storage were strengthened.

Furthermore, a balanced management of available financial and material resources was kept, in accordance with provisions applicable to public administration and related internal policies. Meanwhile, regarding human resources management, major achievements were reached in terms of internal processes for their administration, training and development, besides strengthening its organizational structure and taking care of opportunity areas identified in the organizational environment. Among these, the following achievements stand out: implementation of career plans for the staff and a training program embracing almost 100% of the employees; as well as the design of a mechanism to allow officers' mobility and actions to strengthen the institutional culture, through a program encouraging both knowledge and practice of expected behaviors from CNBV officers.

ABOUT THE CNBV

INTRODUCTION

The CNBV is the Mexican financial authority responsible for fostering sound and balanced development of the financial system within its competence scope. On the fulfillment of its role, it conducts multiple activities and needs to act as an efficient and modern organization. On that subject, for some years the CNBV has faced the challenge of improving its performance and encouraging achievement of its objectives making significant efforts aimed at an internal change, based on designing an institutional strategy that reflects challenges to overcome, opportunities for growth and achievements to be consolidated, in order to be recognized nationally and internationally as a reliable and innovative financial authority.

In that regard, this first section of the 2012 Annual Report of the CNBV describes issues to which these efforts were directed during the year.

STRATEGY

Execution of corporate strategy

During 2012, the CNBV strengthened the implementing process of its corporate strategy through its implementation in areas using the Balanced Scorecard (BSC) model. In this sense, efforts directed to alignment, monitoring, and updating of corporate strategy continued, as discussed next.



Arranging the organization

As part of the corporate strategy arrangement of each CNBV area, during 2012 working sessions were conducted to broaden the strategy to new areas that, according to their activity, are key factors for the organization's mission, vision and strategic objectives achievement. During this process, involved areas identified both their priorities and contribution to corporate strategy and, based on these elements, they designed their own specific strategy maps. Such areas were: Preventive Monitoring Process Vice President, Strategic Planning and Management Vice President and, Planning, Budget and Material Resources General Directorate.

Updating strategies areas

Furthermore, concerning areas that already had an individual strategy map, in 2012 an analysis was conducted in order to review reached progress and challenges to be dealt with. In this effort, vision and mission of particular strategies were adjusted and some goals were removed because the desired performance level was reached, others were modified and some new ones were included in order to adapt the strategy in view of new specified challenges. Areas that made these adjustments were the Organization and Human Resources General Directorate, Strategic Planning General Directorate and Information Technology General Directorate. This allowed such areas to maintain their functions adjustment, ensuring the corporate strategy achievement as well as development of a cooperation framework and creation of synergies in the CNBV.

Updating institutional strategy

To ensure implementation of the strategy in progress, a constant monitoring was applied to achieve progress and a meeting was held to review advances regarding the institution's strategic actions that were defined in 2011. Thus, staff in charge of strategic objectives analyzed achieve-

ments and generated new proposals to deal with challenges arising in the current environment. Derived from this analysis, institutional indicators were adjusted to maintain updated the strategy.

Risk Management

The CNBV continued to implement its Risk Management Model, complying with the provisions of the General Application Administrative Manual concerning Internal Control and the Amending Agreement, both issued by the Ministry of Public Administration. Besides, the Model takes into account the Performance Model (PM) standards, proposed by the creators of the BSC's methodology.

On the other hand, with the risk management work plan, actions were implemented to decrease the likelihood of occurrence and reduce the potential impact of risks classified so they are attended immediately, which decreased from nine to just two in 2012. In conclusion, the joined results of the implemented model and of the quarterly monitoring on risk matters, allowed the CNBV to reduce potential threats to put into practice its strategy, as action was timely taken when potential problems were identified.

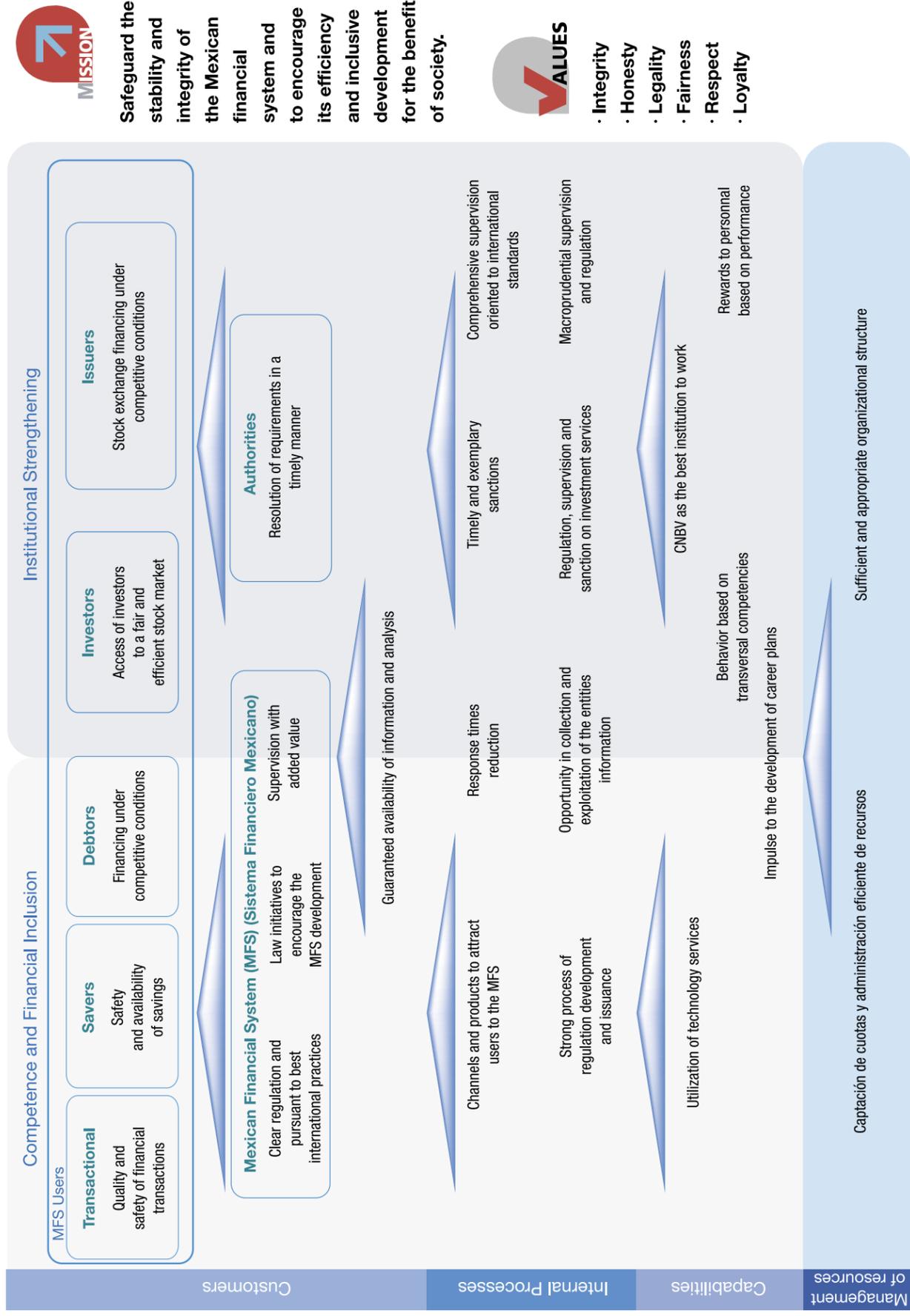
International recognition to strategy execution

In 2012, the CNBV was awarded with the Hall of Fame prize granted by David Norton, PhD and Robert Kaplan, PhD, creators of the BSC methodology. Such reward was received as part of the Leading Strategy Execution Global Summit event, which brought together leaders from public and private organizations, as well as experts in that field, to share their cases and best practices in the enforcement of institutional strategies. The recognition distinguishes organizations showing outstanding results in the execution of a strategy through the use of BSC best practices. This achievement places the CNBV as an international reference in this field.



Institutional Strategy Map of CNBV

Be recognized nationally and internationally as a reliable and innovate financial authority



SUPERVISION

INTRODUCTION

According to its mandate, to supervise the entities within the Mexican financial system in its field of competence is a core function of the CNBV, since supervision is an essential tool to ensure the system stability and promoting its sound functioning. To accomplish this task, it has broad authority to carry out inspection visits to entities, monitor the situation, request information, apply corrective measures and, where appropriate, impose administrative sanctions.

In 2012, the CNBV carried out an extensive supervisory program in respect of the sectors within its jurisdiction and implemented improvements in several areas to increase the quality of the obtained results. This chapter of the Annual Report discusses outstanding aspects on the subject.

SUPERVISORY PROCEDURES

Manual Institucional de Supervisión

Development and updating

For some years ago, one of the objectives of CNBV is to strengthen the comprehensive supervision, by directing it to international standards and assuring its continued improvement, in order to efficiently fulfill with its functions. To achieve the described goal, the CNBV has a tool that concentrates, integrates and standardizes the most commonly used supervisory methodologies, policies and procedures. This tool is the *Manual Institucional de Supervisión (MIS)* of the CNBV that, moreover, allows the supervisors to develop their inspection and surveillance functions in a homogenous way, in compliance with better practices, according to quality standards and in accordance with an institutional reference framework.

In 2012, regular tasks to update the MIS were carried out in order to assure that its content is updated and in compliance with the applicable regulations and the most appropriate practices. Therewith, the *Manual* has, among others, the following characteristics:

- Is applicable to the different sector within CNBV competence and, to date, has procedures for 170 issues related to such sectors.
- Promotes that the supervision is made with higher quality, homogeneously, based on better practices and in compliance with the institutional strategy and the established regulations.
- Contributes to a better coordination between consolidated and specialized supervision areas.
- Facilitates the induction process in the supervisory functions of newly hired employees.
- Gives to the supervisor greater legal security.
- Gathers individual experiences and knowledge of supervision.

Improvement actions

Considering some internal measures tending to strengthening the supervisory process and using

recommendations formulated by some international bodies, during 2012 several improvement actions were implemented, which will allow performing supervisory tasks according to international standards, among which the following can be mentioned:

- Development of guidelines and minimum requirements for work papers used to document the results of inspection visits.
- Definition of criteria for samples and entries selection subject to review in the inspection visits.
- Monitoring to the implementation of supervisory policies, methodologies and procedures in order to verify that it is proper and consistent with institutional strategies of supervision and regulation, and with the set forth in the MIS.
- Establishment of indicators to notify authority's acts (observations and corrective actions) to the supervised entities.
- Establishment of homogenous forms to issue authority's acts, with the purpose of providing greater legal security to the supervisor and the supervised entities.
- Development of coordination guidelines for the planning and execution of inspection visits when consolidated and specialized supervisory areas and other financial authorities participate.

Supervisory strategy

Supervisory strategy establishes the way in which each entity must be supervised (through inspection visits, special monitoring or constant surveillance) and evaluates if coordination is required with other supervisory areas or other authorities. The annual program of visits 2012 was prepared to calendar regular inspection visits to be carried out during the year, establishing priorities based on the results of Rating of financial entities with risk approach (CEFER, in Spanish), that is used to evaluate entities' risk and it considers, among others, the following aspects:

- Strategies of business, products or activities and portfolio composition.

- Risks inherent to significant activities (credit, liquidity, market, operative, legal, reputation and technological).
- Risk mitigators (corporate government, internal control and audit, management and risk management).
- Profitability and solvency.
- Risk trend.

SPECIALIZED THEMATIC SUPERVISION

During 2012, the CNBV continued to implement and strengthen transversal supervisory activities, this is, those performed uniformly for all sectors with the purpose of complementing supervision carried out by type of entity. Mentioned activities allow to evaluate some aspects from a systemic point of view; make aggregated diagnosis about topics of interest; apply standardized criteria and provide a comprehensive overview of the financial system. All of the above mentioned, provide expert opinions on issues such as financial data analysis, analysis and supervision of financial risks, operational and technological risk, investment advice, prevention of illegal operations and performance of stock markets. The following sections present the main advances obtained during the year regarding these issues.

ANALYSIS AND MANAGEMENT OF INFORMATION

Background

In 2012, the CNBV consolidated the process to collect and use financial information reported by supervised institutions as well as verification processes of such information quality. On the other hand, efforts on the matter were also aimed to improve the analysis of main variables, dissemination of processed information and timely publication of figures, in a context of continuous improvement.

Data collection and quality analysis of received reports

In 2012, the information sent to the CNBV by the supervised entities through computing tools was received with appropriate levels of efficiency and safety. As regards the data collection, 97% of regulatory reports was received in the first nine calendar days of each month, optimizing times for its process, analysis and dissemination.

Moreover, a methodology was established to measure information quality sent by the institutions, which allows to comparatively analyze and assign points based on its timely reception, among other variables. With the implementation of this measure, it was possible that the institutions with lower ratings invest resources to improve processes and quality filters of reports sent to the CNBV. Besides, a quality traffic light system was settled for information aimed at the user public, with three reliability levels: Green, for information which can be used in its entirety; yellow, for figures which can be used partly or with certain reservations; and red, when there is no information or its use is not recommended.

Use and publication of information

Since September, 2012 the information of savings and loan cooperatives and popular financial companies was incorporated to the portfolio of statistical information. Therewith, from that date, the publication of financial information from all sectors supervised by the CNBV was achieved, as well as detailed information about characteristics of the loan portfolio. Furthermore, the design to use and publish the probability of breach and expected loss from the housing loan portfolio, non-revolving consumption and credit card was finished. Therefore, in 2012, the information portfolio was consolidated as an important source of information for financial authorities, analysts, investors and journalists.

Financial analysis

For the fourth consecutive year, the CNBV carried out the exercise of financial projections under stress conditions for the commercial banking for the term 2012-2014. This exercise considers the financial projections facing three adverse scenarios, one base scenario with macroeconomic environment and expected loss for the different types of similar portfolios to the observed now and two adverse scenarios with pessimistic conditions regarding the macroeconomic environment and the expected loss. The first adverse scenario was defined as dynamic and considers that the banking adjust all its projections facing a deterioration of proposed conditions in the base scenario. The second adverse scenario, defined as static, suppose that the banking uses current flows of credit placement and deposit-taking, but evaluated faced with adverse conditions.

Furthermore, the CNBV performed exercises of sensibility and resistance, and identified resultant vulnerable points in the capitalization index for each bank considering changes in some variables included in financial projections. On the other hand, a methodology was defined to periodically value the different kinds of banking portfolio, incorporating data, credit by credit that the institutions report to the authorities, among them, the expected loss parameter for housing portfolio, non-revolving consumption and credit card.

In joint work with Ministry of Finance and Public Credit (SHCP, is Spanish) with regard to consistency of the information for the States and Municipalities' portfolio, Databases of registered credits of the CNBV and Coordination Unit with Federal Entities (UCEF, in Spanish) were corroborated. The above mentioned in order to solve detected quality problems and publish, through the SHCP, reliable information about the debt of the country's States.

SUPERVISION OF FINANCIAL RISKS

Methodology and risk supervision tools

During 2012, the CNBV improved and strengthened the methodological framework and the tools used to supervise the risk management in financial institutions within its field of competence, according to an approach of risk management process. This approach seeks to detect evidence that the institutions carry out activities that are considered essential as part of an adequate risk management process.

As part of this improvement process, significant activities models of entities were made, which allowed to understand the application of risk management process as a process of transforming the generation of products. The systematic application of these models produced positive results as the standardization of supervisory practices, criteria standardization for the evaluation of entities, strengthening of collective learning, consolidation of the areas specializing in this issue and, finally, the presentation of observations and recommendations with higher quality and impact.

Supervisory risk actions implemented

Supervision was focused on promoting alignment of the functions of business areas within the supervised entities with their risk management processes and internal strategic guidelines. Efforts were concentrated on credit institutions, due to their complexity and systemic importance.

Supervisory actions promoted that credit institutions defined formally what they consider an acceptable level of risk (risk appetite), to direct their operative actions, directive strategies and corporate interest around the aforementioned risk level. In this regard, both use of prospective

metrics to plan the business evolution and formalization of limits and risk tolerance thresholds were encouraged in market normal conditions and pressure situations, in order to implement timely actions facing probable increases in the risk level in the entities or environment.

SUPERVISION OF OPERATIONAL AND TECHNOLOGICAL RISK

Overview

In accordance with best practices on this field, during 2012 the institutional methodology was reinforced to supervise operational and technological risk, in order to adjust it to changes in the regulatory framework as well as to maintain the unified review of the control points in supervised entities and properly measure the results of each inspection visit.

Inspection visits

The CNBV carried out 72 inspection visits in the field of technological risk and nine regarding operational risk, mostly in entities of the following four sectors: commercial banking institutions, brokerage firms, popular financial companies (SOFIPO, in Spanish) and savings and loan cooperatives (SOCAP, in Spanish). In general, visits were focused to review internal controls regarding technology and operational risk methodology, applicable to the following aspects:

- Management of information technology area.
- Infrastructure of telecommunications and datacenter.
- Infrastructure of measuring and models of operational risk management.
- ATMs and point of sale terminals.
- Start operation of banking brokers (agents).
- Internet transactions (electronic banking).
- Claims management.
- Capital market.
- Computer security.
- Contingency plans.



Technological risk

As a result of visits made, ten banks were authorized to increase their network of banking brokers (agents), and thus ten business with 6,330 establishments were incorporated to the agent scheme. Thereby, up to December, 2012, 652 brokers operated in the system, integrating a network of 23,645 establishments. The transactions that can be made through these agents are, mainly: balance inquiries, account deposits, check cashing, loan payments and means of payment in circulation.

Projects concerning technological risk were also revised to compose fourteen new credit institutions and six brokerage firms, from which eleven was authorized in the first sector and four in the second. Thereinafter, during the inspection visits, in situ, in the authorized entities, functional tests were carried out to the authorized entities' systems and the controls of information technology environments were reviewed. As result of the above-mentioned, one credit institution and two brokerage firms started operations before the end of 2012.

In case of complaints, supervisory tasks were focused on reviewing the process to manage them and validating the process of regulatory report generation R27, in which banks sent, to the CNBV, information about such incidents. This, in order to verify the quality and consistency of reported data; identify potential operative or technological failures, and evaluate the response times in the attention provided by banks to their customers. Finally, as regards detection of irregular deposit-taking activities, an analysis was performed over 400 cases in which, presumably, existed schemes of this nature.

Operational risk

On the other hand, inspection visits regarding operational risk has as main objective to evaluate infrastructure of credit institutions in order to perform operational risk management and measure-

ment. Throughout the year, some activities aimed to achieve the measurement and monitoring of this risk in banking entities were carried out. In particular, requests for information were raised about the main events of actual losses generated for operational risk which, subsequently, will focus on a database of the banking sector. With these actions, and from the analysis of gathered information, the CNBV may know the levels of operational risk of entities and detect products, processes and entities with greater risk, which will be a valuable input for planning inspections visits aimed to evaluate the operational risk management and measurement.

SUPERVISION OF INVESTMENT ADVISORY ACTIVITIES

Supervisory methodology

In 2012, a coordinated inspection process was defined and implemented for the regular visits related to provision of investment services, by which activities corresponding to the specialized technical unit and those corresponding to regular supervisory units were identified. This division of activities was coherent with reforms to CNBV's internal regulations carried out in 2012 and made it possible to generate scale economies and apply homogeneous criteria, according to general Provisions applicable to brokerage firms and credit institutions with regard to investment services, published in the Official Gazette of the Federation on November 28, 2012. Furthermore, the methodology to carry out research visits as regards provision of these investment services was defined.

Inspection and research visits

In the year, five regular inspection visits were carried out in five brokerage firms and credit institutions. Moreover, in order to correct deficiencies regarding provision of investment services to clients, two research processes were carried out, which included 21 appearances of employees from several supervised entities and,

the first time, interviews with customers. As a result of these activities, some aspects which contribute significantly to the proper provision of investment services, among them:

- Segregate functions between areas responsible to advise clients and those involved in other lines of business, such as structuring of products.
- Implement controls, document processes and have internal structures proper to provide investment services.
- Supply wide knowledge about policies and processes regarding investment services to the staff responsible for providing these services to customers.

However, to identify the trends in the behavior of the composition of customers' portfolios, market indicators were determined to evaluate the following aspects:

- Composition of portfolios according to type of investment.
- Conditions of diversification and concentration in only one security.
- Proportion of securities, through whose placement, financial entities receive some remuneration or benefit.

These indicators presented a favorable evolution in 2012. In general, a better distribution in placements of corporate securities was observed among a large number of participants and, as a result, concentrations less important in securities of high risk or complexity were presented.

SUPERVISION RELATED TO PREVENTION OF ILLICIT OPERATIONS

Background

Due to the reform made to the General Law of Organizations and Auxiliary Credit Activities- published in the Official Gazette of the Federation (DOF, in Spanish) on August 3, 2011, supervision of not regulated multi-purpose finance compa-

nies, currency exchange offices and money transmitters (new regulated entities) about prevention of operations with illicit origin resources and terrorist financing (PDL/FT, in Spanish) was given to the CNBV. Moreover, in 2012, the Ministry of Finance and Public Credit (SHCP, in Spanish) published the general provisions applicable to currency exchange offices, money transmitters and credit unions, in order to update and strengthen the regulatory framework applicable to PLD/FT.

In response to the above and with the purpose of facing the new challenge of supervising traditional financial intermediaries and more than 5,000 new regulated entities regarding PLD/FT, in April, 2012, the organizational structure of the CNBV was strengthened to fulfill the assigned responsibilities and attend to such sectors.

Information dissemination to the supervised entities

To encourage the development of a culture of compliance regarding PLD/FT among the new regulated entities, the CNBV implemented some mechanisms to make them aware of the importance of obligations in the field and the consequences of their noncompliance. For these purposes, a section was added in the web page of the CNBV, in which these entities can consult information about regulations of PLD/FT and a section of frequently asked questions, notices, tutorials, culture of PLD/FT was also included, as well as a mailbox to receive doubts and concerns. It should be noted that, during the year, 3,600 enquiries about aspects regarding this subject were received and almost 5,000 phone calls were attended. Moreover, approximately 45,000 e-mails were generated to inform the new regulated entities on diverse regulatory aspects, with emphasis on deadline to fulfill the obligations set forth in the regulations.

On the other hand, the new version in Spanish of the Forty recommendations of the Financial Action Task Force on Money Laundering (FATF) was published, these are part of international standards about money laundering, terrorist financing and weapons of mass destruction proliferation

financing, with the purpose of having a general view to global scale of the measures established to prevent and combat improper use of financial systems, as well as to prevent their future application and the impact of their adoption within their internal preventive regimen. In the same way, the FATF Workgroup of Typologies report was announced for the referred entities, which is about specific risk factors derived from the relation between money laundering and corruption, with the goal of adopting measures to prevent and detect operation possibly linked to corruption and to mitigate risks to which they are exposed, in that context.

Supervisory methods and procedures

As for compliance of the provisions, during the year a compliance matrix was developed, in which the grades obtained by financial institutions according to the weighting assigned for each established quality parameter and, then, obtaining a total grade which is part of the considered risk mitigators to evaluate such institutions' performance. In case of regulated new entities, inspection procedures were prepared based on risks allowing a more efficient way to verify not just regulations fulfillment grade, but efficiency of PLD/FT's regimen.

Supervision on PLD/FT

To plan supervisory visits on this regard, a previous analysis of risks to which intermediaries were exposed was carried out, this was made through a diagnosis about structural, financial, and of compliance items of each entity. In the regular inspection visits carried out in 2012, the supervisory procedures included in the *Manual Institucional de Supervisión* were implemented and, as a result, corrective actions were implemented to repair the observed deficiencies and contribute to improve the internal preventive regimen of the supervised entities. In particular, in the year, inspection visits were carried out to credit institutions, brokerage firms, foreign exchange houses and new regulated entities, in order to evaluate the policies, criteria, procedures and internal controls implemented,

which had been orchestrated to mitigate the risks posed by products and services considered most vulnerable from the point of view of PLD/FT.

In the case of traditional financial intermediaries, main detected deficiencies referred to qualitative aspects, whereby observations and corrective measures formulated to the visited entities were oriented basically to strengthen risk mitigators in order to reduce their exposure. Whereas, the main deficiencies detected in the inspection visits performed to new regulated entities were originated from the little knowledge on general provisions by these entities, therefore the CNBV was focused to encourage the compliance of regulatory obligations and promote a culture of compliance.

Regarding surveillance tasks of traditional financial intermediaries, during the year, some actions aimed to strengthen risk-based supervision were performed. In a first stage, a diagnosis was made to each entity included in the annual program of inspection visits, which was the main input to plan those regular visits according to a risk-based supervisory strategy. In the same way, a new approach was given to the surveillance processes of legal compliance and there was a change from quantitative to qualitative surveillance. In a second stage, risk indicators were created, which were designed from analysis of financial statements and quarterly operations reports, with the purpose of being able to identify the entities exposed to higher levels of risks about PLD/FT.

With respect to surveillance activities of new regulated entities, during the year, the information provided by such intermediaries was opportunely entered, analyzed and processed, meanwhile databases were generated to automate reception processes and information analysis, which contributed to have a better control. Moreover, a non-compliance indicator and a matrix of risks were developed, which allows to evaluate, classify and rate the new regulated entities according to the compliance level of regulatory obligations and to their risk exposure level as regards PLD/FT.

New criteria for sanction

As part of the strengthening process of supervision, the CNBV's Sanctions Committee approved new criteria for imposition of sanctions regarding PLD/FT, in which close to 170 hypotheses of non-compliance with obligations set forth in general provisions were established. Based in these new criteria, there are better elements in order to the sanctions imposed in this regard be more equitable and proportional depending on the seriousness of the offences and also to make them effective to prevent the same. Otherwise, as results of the supervision as regards PLD/FT, fines for significant amounts were imposed, which were completely paid. Such is the case of sanctions imposed to HSBC México, S.A., Commercial banking institution, for an approximate amount of \$379 million pesos. It also highlights the fact that, until now, this is the highest sanction imposed by the CNBV to an intermediary in particular.

ANALYSIS AND METHODOLOGIES OF RISK

Risk analysis

In the year, the reengineering of the platform to examine the market risk was finished, with the goal to optimize the use of resources, time of processing and operational risk inherent to the analysis process. This allowed to extend the market risk analysis to include not just credit institutions, but also brokerage firms and investment funds, as well as to complement the bank's analysis with the preparation of monthly executive reports. Likewise, the platform to analyze the credit risk per institution and type of portfolio was developed, for the banking system and mortgage loan portfolio, of credit card and non-revolving consumption, based on factors determining the risk under an expected loss approach. As for the bank's liquidity risk, the information requirement was finished to measure it, analyze it and monitoring it, and an application was developed to generate, preliminarily, periodical reports with indicators of liquidity and concentration of funding.

Regarding systemic risk, a workgroup responsible for macro-prudential matters was installed in June, in order to promote the financial system stability from regulation and supervision actions, according to the outlined in the strategic objective of designing and implementing the framework of the regulation and supervision of macro-prudential issues. Moreover, based on financial stability metrics estimated by the CNBV, the Commission's contribution to the analysis of potential vulnerabilities for the stability of the Mexican banking system was made, which is part of the second Annual report about status of the Financial system stability, published by the Financial Stability Board (CESF, in Spanish), in March.

Estimate of commercial portfolio reserves

In 2012, the project to recalibrate the methodology of commercial portfolio reserves with an expected loss approach was finished, with the purpose of reflecting the probable impact in the banking system of the credit deterioration of the corporations and financial entities; understanding risk factor affecting the commercial portfolio (per institution and for the whole banking system); and finally, in order to take preventive actions with the purpose of maintaining an acceptable risk profile.

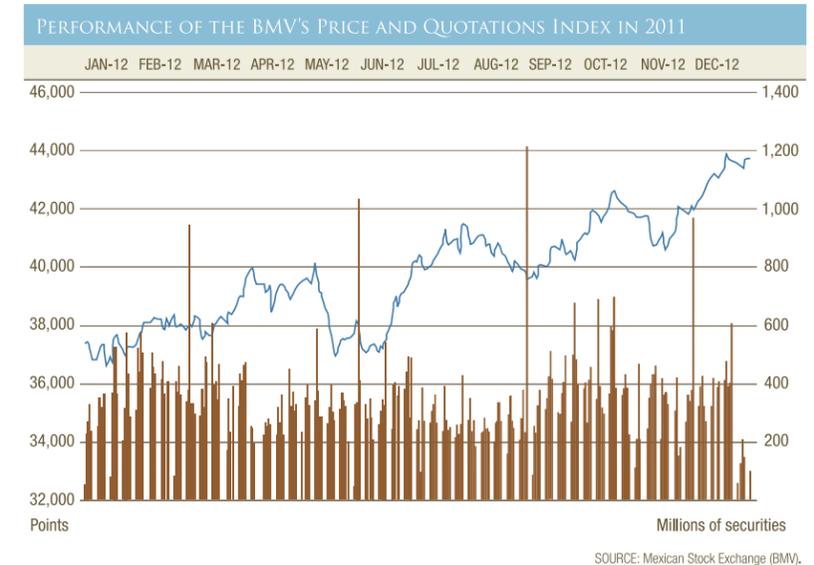
SUPERVISION OF STOCK MARKETS

Background

To supervise the stock markets in the country, the CNBV analyzes their evolution and maintains a continuous monitoring of their behavior. As every year, the CNBV was focused on analyzing, in a timely manner, the difficulties encountered due to the volatility in the international arena, and to design and implement measures to promote the strength and growth of the stock markets in Mexico.

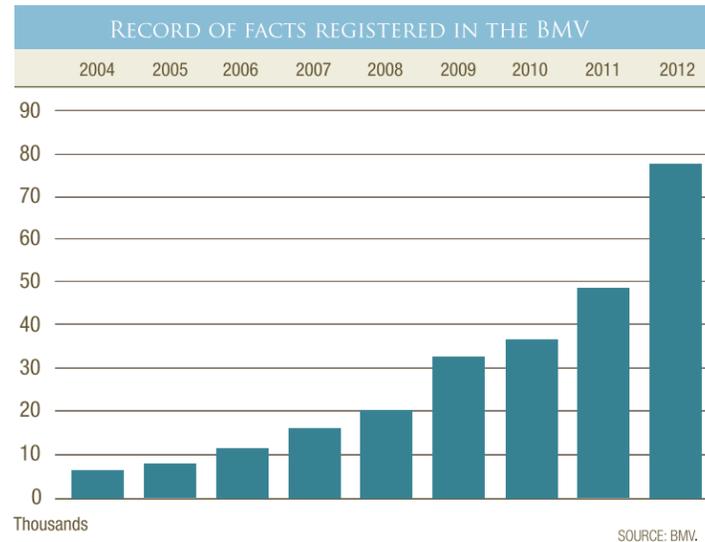
Capital markets

Despite the complex global economic scene, which was aggravated by the crisis in Europe, in 2012 the Mexican capital market reached a price level higher than the one of 2011. The Price and Quotations Index (IPC, in Spanish) of the Mexican Stock Exchange (BMV, in Spanish), recorded a volatile behavior as a result of international news and, nevertheless, increased 17% in its value in pesos, whereupon ended the year in a level higher than 43,700 units. In that sense, the number of registered facts in the BMV has increased exponentially in the last years and, in 2012, it increased 59%.



In order to keep the showed growth and maintain the Mexican stock market at the technological cutting edge, the CNBV encourages the creation of a new negotiation system in the BMV. This system, named MoNet, was released on September 3, 2012 and has the following features:

- Design aligned with the international operative practices.
- Platform unified for derivatives and capital markets.
- Latency (time for processing orders) of 100 microseconds, approximately 240 times faster than the previous system.



On the other hand, the CNBV worked in conjunction with the BMV and the Mexican Association of Securities Intermediaries (AMIB, in Spanish), in the implementation of additional security measures for the capital market, with the intention of preventing that operative mistakes as the one of April, 2012 arise again. Among these measures there are the following:

- Develop pre-transactional filters in the negotiation system respect to the price and amount of the orders, to avoid wrong orders.
- Improve the audits carried out by the BMV to the brokerage firms, to ensure that they also have operative filters in their systems.

- Modify the market's surveillance system, so that it lives up to MoNeT's new functionalities.
- Improve communication between the BMV and Stock Central Counterparty (CCV, in Spanish), to opportunely suspend the participants when the CCV did so.
- Modify the current scheme of volatility auctions.

In that sense, the CNBV promoted that CCV strengthened the Safeguard network, thus increasing its capital from \$94 to \$298 million pesos, in addition to a pre-transactional guarantees scheme to always have resources facing the operations.

As for the securities issuers, the information sent to the CNBV, with particular emphasis on their positions in derivatives was followed up. Facing the obligation of the Mexican issuers to apply, for the first time, the International Financial Reporting Standards (IFRS) during 2012, an analysis detailed about the financial information was performed, including account reconciliations between IFRS and Mexican financial information standards quarterly revealed in the financial statements' notes.

Additionally, during 2012, rating agencies were incorporated in order to they send information to the CNBV through the Securities Information Transfer System (STIV2). With the implementation of this system, such companies achieve important savings in costs and the investing public has access to information of the rating agencies not only through the website of the BMV, but also through the website of the CNBV.

Debt market

The Mexican debt market maintained levels of placement higher than the ones of 2011, encouraged by the numerous issuances of short, medium and long term instruments performed by several participants. The CNBV maintain a constant monitoring of market evolution as a whole, as well as the performance and regulatory compliance of their participants. Moreover, in order to promote the quality of prices calculated by price vendors, the CNBV carried out a daily review of these prices and conducted a thorough analysis of the valuation methodologies.

Self-regulatory bodies

Regarding the certification of stock exchange operators' technical capacity, intermediaries' proxies of the stock market and investment advisors, the CNBV participated actively with the AMIB and Mexican Banks Association with the purpose of generally improving the certification process. On this matter, a policy of efficient and effective management of the administrative process—of zero paper—was implemented, which is automating this process and eliminate the use of physical documents by the sustainer. Furthermore, in order to improve the technical ability and ethics of the certified personnel, the following actions were approved:

- Increase gradually the minimum percentage of correct answers to pass the certification exams.
- Modify the revalidation scheme of points-based certification.
- Request the re-engineering of ethics course to the AMIB.

Derivatives market

According to the commitment undertook by the Mexican financial authorities with the G20 to take action on legislation to reduce systemic risk and avoid probable regulatory arbitrage, throughout the year, the CNBV continued to participate, along with other financial authorities, in the creation and implementation of a new regulation for not listed derivatives (OTC). With this, it is aimed to establish a legal framework that allow authorities to know all the operations with derivatives traded in Mexico and, besides, establish certain obligations for participants, as report, negotiate, compensate and settle its operations on an electronic platform or stock market, in the case that the instruments can be standardized.

On the other hand, new products were incorporated to the Mexican market of Derivatives (MexDer, in Spanish), such as:

- Future Contract of Yellow Corn: Is the first agreement of this kind in Mexico and it allows

domestic farmers to have best coverage strategies.

- Swap Futures Contract based on Equilibrium Interest Rate: Is a new instrument that will allow increasing the range of products available in the listed market and it will produce better competitive conditions for participants.

Finally, as the case of the BMV, pre-transactional filters were implemented in the MexDer, which will help to prevent a critic situation in the market, to encourage a best price formation and to assure that the carried out operations was according to the financial capacity of each participant.

SECTORIAL SUPERVISION BY TYPE OF ENTITY

A primary function of the CNBV is to supervise, within its competence, the entities within the Mexican financial system and other persons (natural or legal) that perform financial activities in order to favor their strength and proper operation. In this respect, besides to carrying out supervision to entities, in 2012, several additional work plans were launched to address priority issues linked with the negative effects of the global financial crisis in the financial markets. The main achievements and activities regarding micro-prudential supervision by type of supervised entity, are detailed in the remainder of this section.

COMMERCIAL BANKING INSTITUTIONS

Integration and current situation

In 2012, the deterioration of the international financial system was aggravated, due to the European crisis worsening (facing the problems to refinance debt maturities); the economic situation of the United States (facing the need of a tax adjustment to put in order its public finances); and, in general, the weakness of economic activity (facing the downward revision of the global

growth). Nevertheless, despite the complex international scene, the economic stability prevailed in the country, as a result of the proper Implementation of macroeconomic policies and the strength of the banking system.

In particular, during 2012, the Mexican financial system experienced a strong growth. Strict regulation and financial supervision of the CNBV contributed to the banking system have a sound loan portfolio and proper capital levels of high quality, which has allowed to adopt, in advance, the rules of Basel III and to program the starting of their implementation in 2013, which reveals the interest of having a stable banking system, solvent and according to international standards and better practices.

In Mexico, commercial banking remains the most important sector of the financial system. At the end of 2012, it consisted of 48 institutions and expanded its coverage with the establishment of banking agents, who make possible to offer basic financial services to traditionally unattended sectors. Total assets of the sector surpassed \$6,000 million pesos (mmdp) and a bigger penetration of smaller banking institutions, upon considering that the assets concentration in the biggest seven institutions was reduced from 82% en 2010 to 78% in 2012; due to, to some extent, the financial services offer in better conditions, for the benefit of society.

The financing of the commercial banking also showed a positive trend and mostly financing by liabilities of high stability consisting of retail deposits, which has allowed to expand the credit on sustainable and stable bases, from the point of view of liquidity.

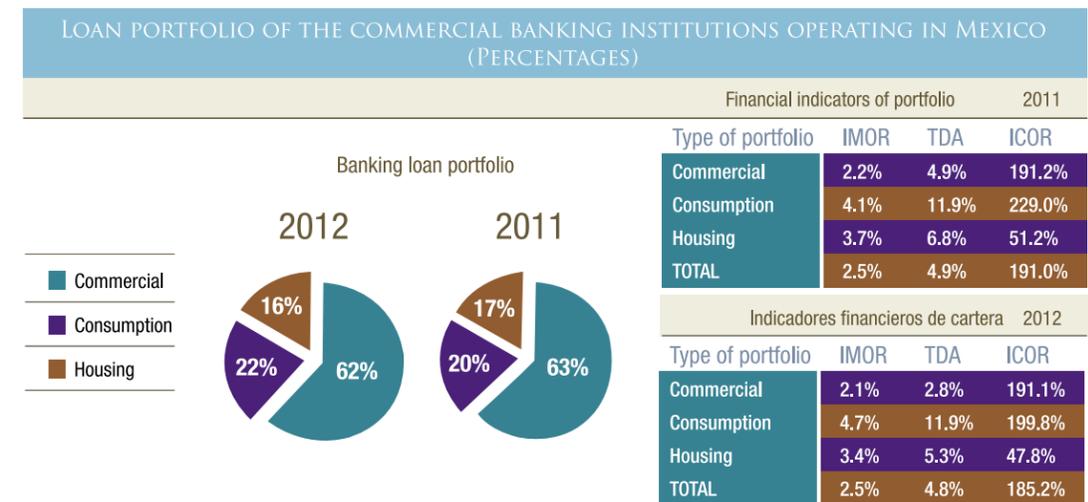
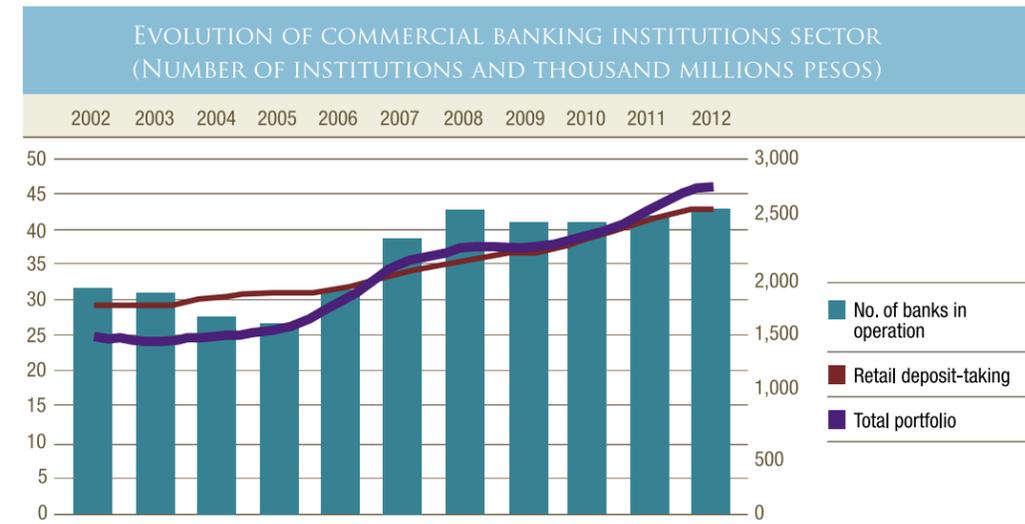
CNBV played an important role to consolidate the sector, implementing strict supervisory processes aimed to opportunely identify risk that may represent

threats to financial stability and promote the confidence of financial services users and market participants. Thus, the banking sector has a sound and sustainable base of development, which is characterized, among others, for the following factors:

- A capitalization higher than the minimum required by regulation, with an aggregated index of 15.9% at the end of 2012.
- A high profitability, mainly originated by gradual increase of the financial margins, given the increase of the relative weight of the consumption portfolio.
- A steady growth in lending, driven by a better orientation of resources to the nonfinancial private sector, especially with non-revolving consumer products (payroll and personal loans) and loans to enterprises (including new loans to small and medium-sized enterprises.)
- An overall decrease in the adjusted impairment rate of total loan portfolio, associated with the best quality of the consumption portfolio.
- A more efficient creation process of reserves for credit risk, based on expected losses, which covers the risk involved in operations and improves the coverage rates.
- A continued growth in traditional taking-deposits, allowing greater freedom to manage liquidity.

Supervisory Activities

Regarding supervision, CNBV's efforts were oriented to review with more emphasis the commercial banking institutions that were considered priorities by their size, market share and/or risk profile while, in parallel, the necessary works continued to monitor all entities of this sector. In this regard, the main tasks performed were:



Notes: IMOR = Delinquency index, ICOR = Coverage index. The commercial portfolio includes government portfolio.

Regular reviews

- Ongoing surveillance of all banking institutions was continued to verify the proper compliance with the regulations.
- Periodical reports were issued on the analysis for all institutions, in order to permanently assess their financial situation.
- Regular inspection visits were carried out to the entities whose assets account for 96% of the banking system's total assets.
- Observations originated from inspection visits were made and the respective corrective actions were issued, if necessary.
- Implementation of the determined corrective actions was monitoring, in the banking institution to which such actions were pointed out.

COMMERCIAL BANKING INSTITUTIONS

Concept	2011	2012
Number of entities in operation	42	43
Number of branches*	11,787	12,337
Total assets (mmdp)	5,798	6,021
Net earning assets (mmdp)	3,841	4,028
Total portfolio (mmdp)	2,458	2,751
Commercial	1,553	1,701
Consumption	493	597
Housing	412	453
Preventive estimates (mmdp)	115	129
Traditional deposit-taking (mmdp)	2,743	2,984
Net earnings (mmdp)	72	87
Main indicators (%)		
IMOR	2.45	2.53
TDA	4.95	4.82
ICOR	190.98	185.18
EPRC / CT	4.68	4.69
ICAP*	15.67	15.71
CCPT	2.55	2.56
ROE	12.59	14.03
ROA	1.30	1.46

Notes:

mmdp: thousand million pesos.

IMOR = Delinquency index: Nonperforming loan portfolio / total portfolio.

TDA = Adjusted impairment rate: Average nonperforming loan of twelve months of the sector aggregated with haircuts and write-downs of twelve months / Average total portfolio of twelve months of the sector aggregated with haircuts and write-downs of twelve months.

ICOR = Coverage index. Preventive estimates for credit risks / Nonperforming loan portfolio.

EPRC / CT = Preventive estimates for credit risks / Total loan portfolio.

ICAP = Capitalization index: Net capital / Assets subject to total risks.

CCPT = Total average deposit-taking cost (Source: Banco de México).

ROE = Net earnings accumulated in twelve months / Average stockholders' equity in twelve months.

ROA = Net earnings accumulated in twelve months / Total average assets in twelve months.

*/ Information as of November, 2012, due to the availability of figures.

Source: CNBV, with information supplied by entities as of January 31, 2013.

Reviews associated with relevant issues

In order to focus the supervision efforts to maintain the financial system's stability and integrity, besides supervisory activities per entity, specific

work programs were established to deal with priority issues and to review topics that were identified as relevant for the banking system in general. Thus, concrete supervisory actions in connection with the following aspects were established:

- **Capital.** The strengthening of banks' capital composition was monitoring, faced with the entry into force of the new rules of capital from Basel III. In particular, the possible impact of the Basel III implementation was evaluated in the structural balance of the banks and the impact of capital placements in organized markets.
- **Liquidity.** Deposit-taking strategies of the entities were monitoring, considering the entry into force of the liquidity rules and the predictable competence to obtain accounts with stable deposit.
- **Payroll loans.** The portfolio of banking entities with higher share in the market were revised with emphasis on granting and management; accounting record and creation of preventive estimates for credit risks.
- **Financing to States and Municipalities.** Surveillance activities focused on the proper rating of this portfolio were carried out, in which special attention was given to implementation of a new methodology based on expected losses, correct accounting record, financial information disclosure and government portfolio concentration per intermediary.
- **Operations through mobile telephony.** There was participation in the authorization of three commercial banking institutions to start operations with a scheme of payments through mobile telephony in the country. In that respect, execution of the following transactions was carried out: Money transfers in real time from one mobile phone to another (of the same operator), cash withdrawals without card, deposits to any banking account and cash withdrawals through authorized brokers.
- **Internal models for reserves and capital.** The implementation of internal models was revised and monitoring to estimate credit reserves and capital requirements in banks having authorization to use such models. Specially, it was verified that parameters and calibration of these models were coherent and consistent with the regulatory and prudential framework.

Achievements

As a result of the above tasks, the CNBV contributed in order to commercial banking institutions sector could maintain a sound growth throughout the year, while continued to strengthen its structural capacity to maintain its soundness in medium and long terms. In particular, the following is outstanding:

- Solvency and robustness of the sector were maintained, by encouraging the commercial banking institutions to act prudently facing a less favorable economic environment.
- Stability and operational efficiency of institutions were strengthened, by verifying that they have adequate policies and procedures for financial instruments management, risks management and internal control, among other topics.
- The capacity to detect and manage credit risk was improved, by supervising the introduction of new methodologies to create reserves based on expected loss models.
- Users of banking services and products were protected, by ensuring that the new alternatives of contact with the public, as well as traditional channels operate in accordance with high standards of quality and safety.
- Aspects that require specific actions to address potential risks at systemic level (it was no necessary to use special measures to address problems of liquidity or solvency) were detected in a timely manner.
- It was agreed with the banks, whose share in the market of payroll loans is bigger, that they should implement controls to prevent debt overhang of certain stratum of the population as well as measures to avoid a probable deterioration of such portfolio.

DEVELOPMENT BANKING INSTITUTIONS AND PROMOTION ENTITIES

Integration and current situation

The CNBV has authority to supervise entities whose mission is to promote the country's de-

velopment by financial activities. These entities, which include the development banking institutions, promotion entities as well as public trust and support funds, have as main functions: granting commercial credits (preferably as second-tier banks) and guarantees; providing technical assistance and other supports; granting mortgage loans to housing or consumption credit to workers in the formal sector of the country and, finally, promoting of savings and supporting the popular savings and loan sector.

At the end of 2012, development banking registered total assets for \$1,085 thousand million pesos (mmdp), of which Nacional Financiera (NAFIN, in Spanish) and National Bank of Public Works and Services (BANOBRAS) accounted 65% of the total. For its part, promotion entities closed the year with assets for approximately \$968 mmdp. In this regard, the two largest institutions are the devoted to financing housing for workers (INFONAVIT and FOVISSSTE, in Spanish), because of they keep a significant share of the mortgage market nationwide and, during 2012, these were the unique financial entities that placed paper supported by mortgage loans (portfolio securitization). Finally, the three public supervised trust recorded total assets for \$114 mmdp, of which Trust Funds for Rural Development (FIRA, in Spanish) accounted for 75% of the total.

With regard to 2011, total assets of the development banking institutions and promotion entities together increased 6% and 8%, respectively, highlighting the recorded growth in the cases of Banco del Ahorro Nacional y Servicios Financieros (BANSEFI) and the Banco Nacional de Comercio Exterior (BANCOMEXT) that was of 39% and 11%. It is important to mention that, during 2012, institutions kept a stable situation supported by proper solvency, liquidity and profitability levels, as well as in a satisfactory management of credit process, operation of internal processes and a comprehensive risk management.

INTEGRATION OF DEVELOPMENT BANKING SECTOR
AND PROMOTION ENTITIES SECTOR

Sector attended	Type of entity		
	Development banking institutions	Promotion entities	Public trusts
Farming and rural	NA	Financiera Rural	FIRA
Savings and Consumption	BANJÉRCITO BANSEFI	INFONACOT	NA
Industrial, government and infrastructure	NAFIN BANCOMEXT BANOBRAS	NA	FIFOMI
Housing	SHF	INFONAVIT FOVISSSTE	FOVI

Complete name	Acronym
Banco del Ahorro Nacional y Servicios Financieros	BANSEFI
Banco Nacional de Comercio Exterior	BANCOMEXT
Banco Nacional de Obras y Servicios Públicos (1)	BANOBRAS
Banco Nacional del Ejército, Fuerza Aérea y Armada	BANJÉRCITO
Fideicomiso de Fomento Minero	FIFOMI
Fideicomisos Instituidos en Relación con la Agricultura (2)	FIRA
Financiera Rural	NA
Fondo de la Vivienda del ISSSTE (3)	FOVISSSTE
Fondo de Operación y Financiamiento Bancario a la Vivienda	FOVI
Instituto del Fondo Nacional para el Consumo de los Trabajadores	INFONACOT
Instituto del Fondo Nacional para la Vivienda de los Trabajadores	INFONAVIT
Nacional Financiera	NAFIN
Sociedad Hipotecaria Federal	SHF

Notes:

NA= not applicable

- (1) The subsidiary Arrendadora BANOBRAS, Multi-purpose finance company (actually in process of settlement or dissolution) is also supervised.
- (2) Integrated for four trusts: Fondo de Garantía y Fomento para la Agricultura, Ganadería y Avicultura (FONDO); Fondo Especial para Financiamientos Agropecuarios (FEFA); Fondo Especial de Asistencia Técnica y Garantía para Créditos Agropecuarios (FEGA), and Fondo de Garantía y Fomento para las Actividades Pesqueras (FOPESCA).
- (3) State Employees' Social Security and Social Services Institute.

DEVELOPMENT BANKING INSTITUTIONS
AND PROMOTION ENTITIES

Concept	2011	2012
Development banking institutions		
Total assets (mdp)	1,023,776	1,085,164
NAFIN	344,388	354,901
BANOBRAS	324,614	354,264
BANCOMEXT	195,334	215,858
SHF */	97,063	96,551
BANJÉRCITO	46,718	41,780
BANSEFI	15,659	21,810
Total portfolio plus guarantees and endorsements (mdp)	495,182	558,597
NAFIN	148,909	146,818
BANOBRAS	182,243	238,868
BANCOMEXT	65,115	74,683
SHF */	83,181	79,250
BANJÉRCITO	15,619	18,731
BANSEFI	115	247
IMOR (%)	3.34	3.53
NAFIN	0.18	0.13
BANOBRAS	0.29	0.17
BANCOMEXT	0.80	0.09
SHF (1)	21.0	27.33
BANJÉRCITO	0.34	0.39
BANSEFI	0.00	0.00

Promotion entities		
Total assets (mdp)	898,354	967,896
INFONAVIT	733,791	794,577
FOVISSSTE	129,616	140,707
Financiera Rural	27,016	27,996
INFONACOT	7,931	4,616
Total loan portfolio (mdp)	944,173	1,022,527
INFONAVIT (housing credit)	783,104	858,114
FOVISSSTE (housing credit)	139,798	144,074
Financiera Rural	15,824	18,389
INFONACOT (consumption credit)	5,447	1,950
IMOR (%)	7.36	6.61
INFONAVIT (housing credit)	6.30	5.90
FOVISSSTE (housing credit)	13.57	8.84
Financiera Rural	4.74	4.37
INFONACOT (consumption credit)	2.49	1.88
Securitized loan portfolio (mdp) (3)	152,492	200,502
INFONAVIT	93,591	109,128
FOVISSSTE (4)	58,901	91,374

Notes: mdp = million pesos.

- (1) IMOR = Delinquency index = Nonperforming loan portfolio / total loan portfolio.
- (2) Amount issued in the year.
- (3) The figure of 2011 includes \$5,500 mdp corresponding to the issuance of securities abroad.
- (4) It includes trust's loan portfolio of portfolio in management and guaranteed amount of its insurer, starting from 2011.

Source: CNBV, with information supplied by entities as of February, 2013.

Supervisory Activities

In 2012, the routine supervision work continued for entities, that is, performing regular inspection visits; reporting quarterly on financial and risk analysis; monitoring compliance with parameters and standards established in the regulations and following up relevant events, risks and operations that occurred. These supervisory activities were complemented with actions to improve supervisory processes, among which the issuance of a new official letter to notify the supervised entities about the status of the observations and corrective actions resulting from inspection visits highlighted. Moreover, in particular, the following tasks were carried out:

Farming and rural sector

Through the visit carried out to different regions of the country, the implemented mechanisms operation was assessed for the rural and farming sector to apply correctly the subsidies or supports granted directly or by account of some Federal Government agency.

Sector savings and consumption

- The correspondents operation for one development banking institution was authorized, in 297 DICONSA's stores and this was authorized to enter into commercial commission contracts with nine PEMEX's service stations and twenty retail stores, in order to carry out services payment operations, balance inquiries, cash deposits and withdrawals.
- The structure of the expected losses calculation formulae applicable to the non-revolving consumption portfolio was revised, directed to the military sector, with the object of recognizing the smaller profile of risk of this type of portfolio.
- A methodology to qualify the consumption loans' risk addressed to the workers formal sector, with payroll discounts, was assessed, along with a promotion entity.

Industrial, Government and Infrastructure Sectors

- An assessment was carried out to the mechanisms that the development banking institutions have to verify that the credit resources are appropriately channeled to the target

sectors and for established purposes. This included first and second tier portfolios, among which states and municipalities financing, included the funding to execute factoring operations, are highlighted.

- Research visits were carried out to verify the adequate implementation of new portfolio's rating methodology to states and municipalities issued as of the end of 2011.
- Authorization was granted to increase the share of a credit institution in a multilateral agency's equity.
- Monitoring was provided to the limits

Housing

- Monitoring was provided to the mortgage loans quality offered as nonrecourse debt to a development banking institution, given the deterioration that some mortgage financial companies registered, whose portfolios were originated with financing of such institution.
- The impact in capitalization ratio of the same intermediary was evaluated, since credit ratings granted by the securities rating agencies to some mortgages-backed bonds (BORHIS) decreased.
- The increase in the share of a credit institution in a multiple object financial company's equity was authorized.
- The use of the collection authorization via federal interests was promoted in the case of a promotion entity, for payment of loans and contributions to the housing sub-account.
- Compliance of securitized mortgage portfolio eligibility criteria was assessed by an entity and monitoring was performed to such assets' quality.
- The proper application of mortgage loans qualification methodologies was verified as well as the correct compliance of the accounting criteria for nonperforming loans portfolio and restructurings.

Achievements

As a result of the efforts mentioned, the CNBV favored both the development banking institutions and agencies, trusts and funds to continue maintaining a stable financial situation. The supervising work carried out helped to build, in the super-

vised entities, processes and controls consolidation promoting a sound credit operation, an adequate internal control environment and a comprehensive management of risks. Also, the CNBV has continued to influence in order to entities can register, submit, and disclose, in an adequate manner, their financial situation and risk profile.

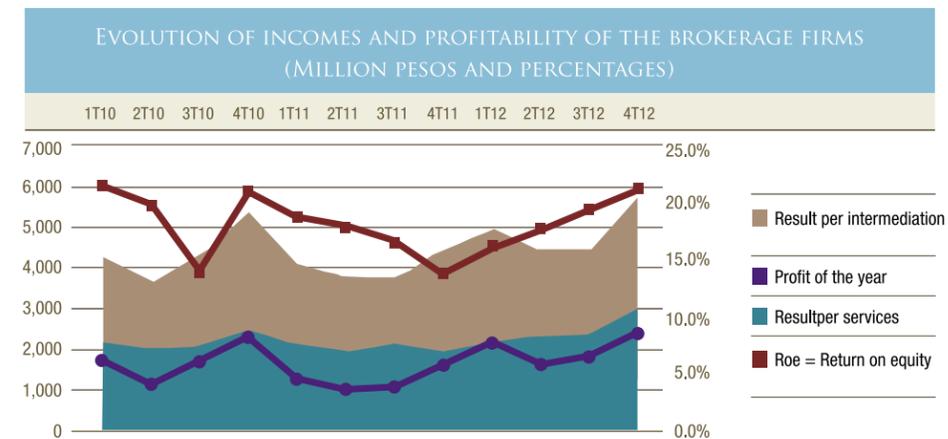
a sound domestic financial system and perspectives of growth above developed markets. Moreover, stock market had been strengthening with a stronger regulatory framework, better technological accesses and stricter supervision.

At the end of 2012, the brokerage firms sector was comprised of 34 intermediaries, of which 53% are part of a financial group. Likewise, according to the origin of its capital, thirteen are subsidiaries of foreign financial entities and the others are national capital intermediaries. As regards to the sector' structure, during the year, authorization processes were carried out in order to two brokerage firms start operations; organization and operation of one new subsidiary brokerage firm, and the merge of one entity. On the other hand, the authorization of a brokerage firm to operate, at its request, was revoked.

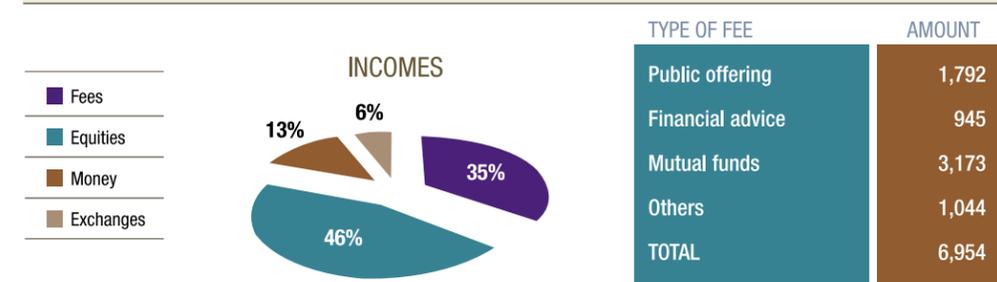
BROKERAGE FIRMS

Integration and current situation

Despite the nervousness showed in the international financial markets during 2012, mainly because of the European crisis and indecision of the United States government to establish a limit to their fiscal deficit, the Mexican stock market showed a higher dynamism associated with



BEHAVIOR OF THE INCOME OF THE BROKERAGE FIRMS SECTOR (MILLION PESOS)
Representative incomes for fees



Notas:
Falta

During the year, the sector's profits registered an approximate amount of \$8,000 million pesos (mdp), 61% more than previous year, due to an increase in fees collected for securities placement and buying and selling of mutual funds shares, as well as for the effect of assessment in the positions of the intermediaries' securities. As a result of the above, this sector kept a sound financial situation, with return on equity (ROE) of 21.2% at the end of the year.

Furthermore, it was given a bigger use to direct electronic access channels, which contributed to the capital markets operation since buying and selling orders increased 71% regarding the previous year and registered an approximate amount of \$6,600 mdp (22% more than in 2011). Likewise, risk to which brokerage firms were exposed demanded barely a third of their global capital, which indicate that the capitalization levels are enough to facing probable eventualities and represent a sector's strength.

Supervisory Activities

The comprehensive supervision of this sector was basically focused on brokerage firms considering important because of their share in the market or their risks profile. Compliance with the regulatory framework regarding internal controls and comprehensive risk management was verified. The main activities developed were performed as follows:

Regular reviews

- 21 regular inspection visits were carried out, representing 62% of the sector.
- Regulatory compliance was reviewed in execution of performed operations.
- Effectiveness of internal control systems and the adequate comprehensive management of risks were evaluated.
- Implementation of corrective actions determined by the CNBV was verified.
- Periodical reports of analysis were issued for all institutions in the sector, in order to permanently assess their financial situation.

BROKERAGE FIRMS

Concept	2011	2012
Total number of entities	35	34
Customers' securities received in custody	6,023	6,384
Government debt	1,203	1,224
Bank debt	316	291
Others debt securities	310	343
Net wealth instruments	4,185	4,514
Securities in trust	8	12
Total assets (mmdp)	326	469
Investments in securities (mmdp)	227	351
Negotiable securities	200	306
Securities available for sale	9	31
Securities held until maturity	19	14
Debtor under repurchase agreement (mmdp)	31	36
Creditor under repurchase agreement (mmdp)	209	320
Net earnings (mmdp)	5	8
Main financial reasons and indicators		
Solvency	1.1	1.1
Liquidity	1.0	1.0
Leverage	4.8	7.2
ROE	13.81%	21.19%
Administrative costs / Total operating incomes	70.20%	57.31%
Personnel costs / Total operating incomes	46.76%	35.80%
Net result / Total operating incomes	29.70%	38.01%
Capital consumption ratio	28.23%	28.51%

Notes:

Mmdp = thousand million pesos.

Solvency = total asset / total liability.

Liquidity = current assets / current liabilities.

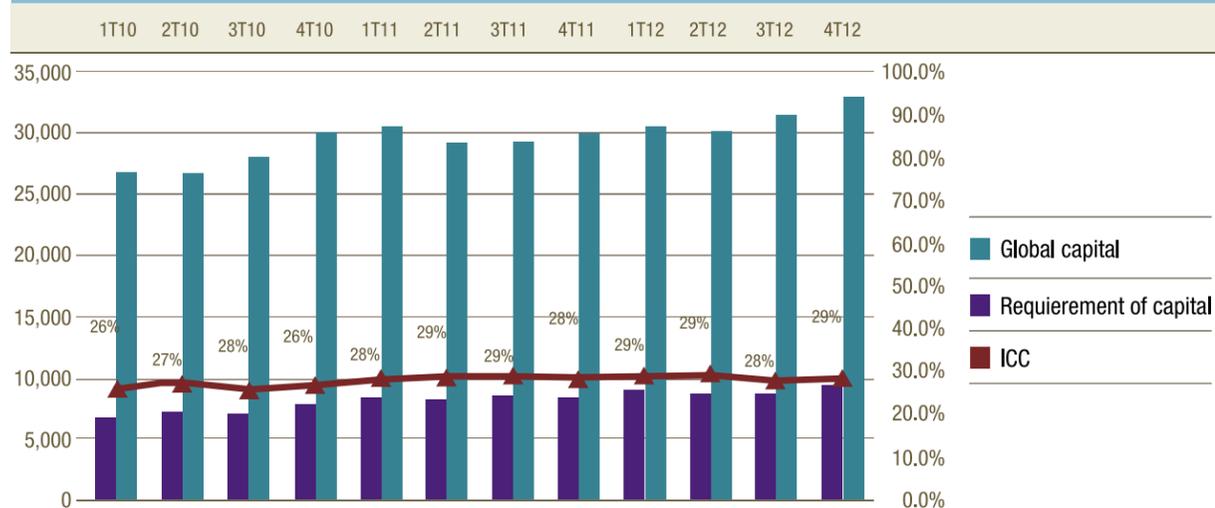
Leverage = total liabilities / stockholders' equity.

ROE = Net earnings accumulated in twelve months / Average stockholders' equity in twelve months.

Capital consumption ratio = total of capital requirements / global capital.

Source: CNBV, with information supplied by entities as of January 31, 2013.

CAPITAL CONSUMPTION RATIO (ICC) BEHAVIOR OF BROKERAGE FIRMS
(MILLION PESOS AND PERCENTAGES)



Reviews associated with relevant and/or conjunctural issues

In addition to the above mentioned, special and research visits were carried out with the purpose of maintaining the stability and integrity of the financial system. In part, these efforts were directed to review financial, operative and system aspects linked to authorization processes and the start of operation of new brokerage firms. On the other hand, there was participation with the Banco de Mexico in an inspection visit to one brokerage firm to verify compliance with the 31 requirements to perform derivative financial operations.

Achievements

The CNBV contributed to an organized and equilibrated performance of brokerage firms through described supervisory works, whereupon the following benefits were achieved for the sector:

- Regular monitoring of the brokerage firms' financial situation, allowing to keep adequate levels of liquidity and capitalization.
- Better control of risks limits, as a consequence of using automated systems and a proper comprehensive risk management.
- A proper and opportune performance of the bodies responsible for the operation of internal control systems and comprehensive risk management.
- A higher quality in the provision of services and in the offering products to its customers, to ensure that the recommendations or operations performed are consistent with the interests of investors.
- A modern operating scheme of capital market, through the adequate functioning, according to international standards of reception systems and allocation of orders.

MUTUAL FUNDS

Integration and current situation

The mutual funds sector had a good performance during 2012 since, at the end of the year, the amount of assets under management showed an increase of 12.7% going from more than \$1,300 thousand million pesos (mmdp) to about \$1,500 mmdp. Similarly, the number of contracts reported increased by 9.7%, when compared to the previous year. By type of society, equity mutual fund had a growth of 19.3%, whereas net assets under management of mutual funds in debt instruments increased 11.4%.

Sector supervision

The supervisory efforts were directed to design and implement an agenda for inspection and surveillance, in order to identify, prevent and, where applicable, penalize those activities that damage investors, jeopardize the sector's stability, or generate any significant negative impact in economic and/or reputation terms. In coherence with this, penalty criteria were centered on the following conducts:

- Carrying out operations with conflicts of interest.
- Carrying out operations outside the market's average levels.
- Acquisition of securities of low quality, high risk and complexity or non-foresaw in the investment regimen.
- Existence of false information or misleading the public.

MUTUAL FUNDS

Concept	2011	2012
Total number of entities	608	635
Operators	43	42
Comprehensive distributors	4	6
Referring Distributors	3	3
Debt Mutual Funds	296	306
Equity Mutual Fund	243	260
Capital Mutual Funds (SINCAS)	17	16
Appraisers	2	2
No. of contracts	2,030,230	2,227,737
Debt Mutual Funds	1,864,644	2,059,140
Equity Mutual Fund	165,490	168,520
Capital Mutual Funds (SINCAS) (1)	96	77
Total assets by operator type (mdp)	1,339,025	1,509,767
Debt Mutual Funds	1,099,153	1,224,843
Equity Mutual Funds	231,839	276,708
Capital Mutual Funds (SINCAS)	8,033	8,216
Total assets by operator type (mdp)	1,339,025	1,509,767
Credit institutions	36,917	41,939
Brokerage firms	426,130	450,951
Financial groups	823,062	955,716
Independent	52,916	61,161
Total investment portfolio (mdp)	1,294,799	1,505,858
Government securities	840,682	963,516
Bank securities	143,839	190,996
Equity and options	132,138	159,749
Mutual Funds Shares	98,272	109,364
Private paper	73,633	74,347
Promoted companies	6,234	7,778
Obligations	1	108

Notes:

mdp = million pesos.

MF = Mutual funds

(1) No. of investor series A.

Source: CNBV. The information of mutual funds in debt instruments and of equity as of December, 2011 and 2012. SINCAS' information as of September of each year.

AUXILIARY CREDIT ACTIVITIES AND ORGANIZATIONS

Background

According to regulations in the field, auxiliary credit organizations gather bonded warehouses, financial leasing and financial factoring companies, while credit auxiliary activities including currency exchange offices and multi-purpose finance companies. Most of the leasing and factoring companies operating in Mexico change into multi-purpose finance companies (SOFOM, in Spanish) since the reform to the General Law of Organizations and Auxiliary Credit Activities. As a result, only three leasing and one factoring companies prevail, with total assets of \$5,163 and \$1,256 million pesos (mdp), respectively. All these entities are grouped, supervised on a consolidated way and, consequently, their situation is not presented in this section of the Annual Report.

Moreover, according to regulations in force, the limited purpose finance companies (SOFOM, in Spanish) were deregulated and, therefore, only those having property linkages with any credit institution are supervised; since, in order to eliminate the possible regulatory arbitration, these last societies must comply with the regulations applicable to banks. Thus, they are considered regulated entities (regulated SOFOM or SOFOMER).

Finally, limited purpose finance companies (SOFOL, in Spanish), previously considered in the Law on Credit Institutions, will be deregulated on July, 2013, with the exception of equity-linked entities with some bank, which should be converted into SOFOMER, and therefore they should comply with the banking regulations and will continue subject to CNBV supervision.

In view of the described issues, this section of the report comments the evolution and supervision of bonded warehouses, currency exchange offices, limited purpose finance companies (SOFOL, in Spanish) and regulated multi-purpose finance companies (SOFOMER, in Spanish).

Bonded warehouses

Integration and current situation

At the end of 2012, the sector of bonded warehouses comprised 17 entities in operation, whose total assets are higher than \$10,200 mdp. The five largest entities accounted for 84% of such assets.

Supervisory Activities

In 2012, the surveillance and follow up efforts were focused on the elaboration of monthly and quarterly reports, derived from revision and analysis to the supplied information per entity. These reports offer conclusions regards to the financial

and operating situation of warehouses, of their compliance with the regulatory framework, and of their structure, variation and trend of their main financial indicators, and thereby, where applicable, allowing that the supervision actions are timely implemented.

In turn, activities inspections were carried out with emphasis on verifying, selectively, the physical existence of certain goods covered by the deposit certificates; reviewing the operating and accounting process of stored merchandises' certification; verifying that the information of the accounting systems matches with the one in the published financial statement and the issued regulatory reports submitted to the CNBV, as well as following up the compliance with remarks derived from previous inspection visits. Finally, besides the inspection visits scheduled for 2012, investigation visits were carried out in which, by selective trials, the existence of merchandise covered by the issued deposit certificates was verified and the possibility of have generalized shortage of merchandise was discarded.

Achievements

Through supervisory work, the CNBV identified problematic situations and promoted, before the SHCP, the revocation of the authorization of three warehouses to operate, whose financial situation makes necessary their exit from the sector. Likewise, as a result from the carried out works and the preparation of several recommendations, the improvement of internal control processes and administrative management was promoted, which in addition to favor a better communication with the supervised entities, it have had a favorable impact on the timely submission of financial information to the CNBV and the prompt attention to the requests, remarks and corrective actions instructed.

Currency exchange offices

Integration and current situation

By the end of 2012, the sector consisted of eight exchange firms in operation, with total assets of \$778 mdp. The four largest entities accounted for 68% of such assets.

BONDED WAREHOUSES

Concept	2011	2012
Total number of entities	19	17
Level I	10	9
Level II	9	8
Certification (mdp)	49,892	53,122
Direct warehouses	20,751	19,411
Empowered warehouses	29,141	33,710
Total assets (mdp)	7,202	10,291
N5 (%)	77.93	84.92
IHH (entities)	6	4
Real state (mdp)	3,040	2,963
N5 (%)	82.50	84.09
IHH (entities)	5	5
Main indicators (%)		
Use of legal capacity to certify	11.85	12.20
Leverage	47.32	67.53
ROE	6.39	-1.75
ROA	3.23	-0.70

Notes:

mdp = million pesos.

N5 = Percentage share of the five main institutions.

IHH = Inverse of the Herfindahl index The figure indicates the number of entities shared out the market.

Use of legal capacity to certify = Marketable deposit certifications issued in empowered warehouses / legal capacity to certify.

Leverage = Total liability / Total asset.

ROE= Net earnings accumulated in twelve months / Average stockholders' equity in twelve months.

ROA= Net earnings accumulated in twelve months / Total average assets in twelve months.

Source: CNBV, with information supplied by entities as of January 31, 2013.



CURRENCY EXCHANGE OFFICES

Concept	2011	2012
Total number of entities	9	8
Non-grouped	9	8
Grouped without bank	-	-
Total number of offices in the country and abroad	133	191
N5 (%)	87.97	82.72
IHH (%)	5.48	6.43
Total assets (mdp)	874	778
N5 (%)	74.19	78.37
IHH (%)	7	6
Liquid assets margin	491	367
N5 (%)	78.27	76.61
IHH (%)	7	6
Main indicators (%)		
Leverage	24.86	35.67
Capital stock yield	95.43	113.30
ROA 12M	0.99	-4.41
ROE 12M	1.34	-6.21

Notes:

Mdp = Mexican million pesos.

Liquid assets margin = Liquid assets - current liabilities.

Liquid actives = Availabilities + investments in securities + receivables.

Current liabilities = Bank loan and from others bodies to short term + others payables.

Leverage = Total liability / Total asset.

Capital stock yield = stockholders' equity / capital stock.

ROA= Net earnings accumulated in twelve months / Total average assets in twelve months.

ROE= Net earnings accumulated in twelve months / Average stockholders' equity in twelve months.

N5 = Percentage share of the five main institutions.

IHH = Inverse of the Herfindahl index The figure indicates the number of entities shared out the market.

Source: CNBV, with information supplied by entities as of January 31, 2013.

Supervisory Activities

In the year, surveillance and follow up efforts were focused on the preparation of monthly and quarterly reports, on the revision and analysis of their financial situation; on verification of their compliance with the regulatory framework in force and in the analysis of their main financial indicators. These activities provided elements to timely identify possible risks and to implement the correspondent preventive and corrective actions.

For its part, inspection works were focused to carried out scheduled visits, in order to verify, mainly, that the supervised currency exchange offices have enough liquid resources to meet the immediate obligations of payment, that have implemented the proper controls in areas involving recruitment, settlement and accounting record of foreign exchange trading operations and that the information in the published financial statements and in the issued reports submitted to the CNBV coincide with the entities' systems.

Achievements

The supervision efforts of the CNBV contributed, among other aspects, to improve internal control processes of currency exchange offices, to inhibit both concealment and deliberated distortion of facts in financial information and, finally, to avoid execution of unauthorized operations. This contributed to strengthen the operational efficiency and stability of currency exchange offices, as well as to improve quality of their risk management, primarily regarding financial liquidity.

Limited purpose finance companies

Integration and current situation

In accordance with the applicable laws and financial provisions, the limited purpose finance companies (SOFOL) sector will be fully deregulated on July, 2013. As a result, some of these entities started and finished the formalities to transform their juridical figure in credit institution, multi-purpose finance company or, even, in a popular financial company. These actions implied an important reduction in the number of entities in the sector.

By the end of 2012, the sector was comprised by twelve institutions with total assets of approximately \$32,000 mdp, of which a little bit more of 88% was represented in 5 entities: two of them of mortgage loans (71%), one of consumption credit (11%) and two of commercial credit (6%). The remaining 12% of the assets corresponds to seven commercial credit entities, mainly the farming sector (12%). It should be noted that this information includes figures of two entities that submitted reports as of the end of December, 2012, although during the same month they finished their processes of transformation into SOFOM.

Throughout the year, entities specializing in mortgage and consumption financing experienced a decline in the quality of their loan portfolio and, in parallel, a decrease of their total assets. In contrast, the entities directed to the farming credit had a favorable performance.

LIMITED PURPOSE FINANCE COMPANIES

Concept	2011	2012
Total number of entities	19	12
Grouped	ND	ND
Non-grouped	ND	ND
Total number of offices	ND	ND
Total assets (mdp)	62,133	32,041
N5 (%)	86.82	88.57
IHH (%)	5	4
Total portfolio (mdp)	53,797	27,922
Commercial	17,864	5,690
Consumption	15,049	2,572
Housing	20,884	19,661
Concentration indicators N5 (%)		
Total portfolio	87.86	91.49
Commercial	77.87	71.96
Consumption	99.31	100.00
Housing	100.00	100.00
Concentration indicators IHH (%) (entities)		
Total portfolio	5	3
Commercial	3	7
Consumption	2	1
Housing	2	2
Main indicators (%)		
IMOR	10.80	17.42
ICOR	60.68	42.07
Capitalization index	22.76	12.59

Notes:

mdp = million pesos.

IMOR = Delinquency index: Nonperforming loan portfolio / total loan portfolio.

ICOR = Coverage index. Preventive estimates for credit risks / Nonperforming loan portfolio.

M5 = Share of the five main institutions.

IHH = Inverse of the Herfindahl index The figure indicates the number of entities shared out the market.

Capitalization index = Stockholders' equity / total assets.

Source: CNBV, with information supplied by entities as of January 31, 2013.

Supervisory Activities

Due to the entities of this sector obtain a significant proportion of their financing from government development funds, as well as from the issuance and placement of paper in the market, a wide surveillance was kept on their financial performance. Therefore, inspection visits were carried out to nine of these companies, whose specialty is granting mortgage and housing loans, as well as in financing to enterprises from the agricultural and consumption sector.

Achievements

As result of the supervision work, a better disclosure of information regarding quality of the lending operations and computation of preventive estimates were achieved. Concerning the first point, a greater adherence to accounting standards issued by the CNBV was propitiated, and, regards the second one, it was found that the determination of preventive estimates for credit risks was correct in terms of the applied estimating method. In this regard, although this sector does not have rules for portfolio rating, most SOFOLs apply methodologies that their resource providers (development banks and promotion funds) require from them.

During the year, a SOFOL materialized its transformation and started operations as niche bank; other entity was transformed into SOFIPO; five entities finished their procedures to operate as multi-purpose financial company; two more are in the process of finalizing the steps to become SOFOM; and finally, one entity—having proprietary linkages with a commercial banking institution—granted to this most of assets, liabilities and information systems associated to its credit activity. Likewise, to the entities that have state their intention to change, in a short term, into a regulated figure, as a loan institution with delimited activities (niche banks), were recommended to carry out a thorough revision of the banking regulation in order to properly integrate their files.

Multi-purpose finance companies, regulated entities

Integration and current situation

At the end of 2012, the sector of multi-purpose financial companies, regulated entities (SOFOMER, in Spanish), was composed of by 26 companies, this figure includes three new entities that began operations in the year. In this regard, five companies had consolidated their figures with those of the banks to which they belong, so they are not considered in the rest of this section.

GROUPED COMPANIES CONSOLIDATED WITH BANKS

SOFOMER Commercial Banking Institution

Tarjetas Banamex	Banamex
Servicios Financieros Soriana	Banamex
Ixe Tarjetas	Ixe Banco
Santander Consumo	Banco Santander
Santander Hipotecario	Banco Santander

Without including these entities, the total assets of the 21 remaining SOFOMER were almost \$69,116 mdp (27% more than in 2011). The five largest entities accounted for 82% of total credit: four of them specializing in financial factoring and leasing (72%) and one more focused on granting commercial credits (11%).

Supervisory Activities

In 2012, eleven regular inspection visits were carried out. Particularly, revisions were focused on eliminate the backwardness of the SOFOMERs regarding compliance with regulations applicable to banks, with emphasis on the internal control environment and the credit process.

Achievements

As a result of the supervision work carried out by the CNBV, the processes of the entities have been improved, aligning their performance to comply with the applicable banking regulations.

MULTI-PURPOSE FINANCE COMPANIES (SOFOM)

Concept	2011	2012
Total number of entities 1/	18	21
Total number of offices	ND	ND
Total assets (mdp)	54,381	69,116
N5 (%)	71.19	78.75
IHH (%)	7	6
Total portfolio (mdp)	44,221	59,733
Commercial	37,082	46,395
Consumption	6,495	12,955
Housing	643	382
Concentration indicators N5 (%)		
Total portfolio	77.42	82.36
Commercial	85.68	86.44
Consumption	95.60	98.98
Housing	100.00	100.00
Concentration indicators IHH (%) (entities)		
Total portfolio	6	6
Commercial	4	5
Consumption	3	3
Housing	1	1
Main indicators (%)		
IMOR	3.69	3.65
ICOR	113.95	118.36
Capitalization index	ND	ND

Notes:

mdp = Mexican million pesos.

1/ It does not include information of Tarjetas Banamex, Servicios Financieros Soriana, Santander Consumo, Santander Hipotecario and Ixe Tarjetas. Multi-purpose finance companies, regulated entities, which are presented along with the information of commercial banks.

IMOR = Delinquency index: Nonperforming loan portfolio / total loan portfolio (outstanding + nonperforming).

ICOR = Coverage index. Preventive estimates for credit risks / Nonperforming loan portfolio.

M5 = Share of the five main institutions.

IHH = Inverse of the Herfindahl index. The figure indicates the number of entities shared out the market.

Capitalization index: Net capital / Requirement of risk capital.

Source: CNBV, with information supplied by entities as of January 31, 2013.

CREDIT UNIONS

Integration and current situation

During the year, the credit unions sector continued its financial consolidation, since the term of two years finished, which is established for the elaboration of preventive estimates for credit risks, according to regulation's requirements. The elaboration of these estimates had a financial impact on the results of 2012 in some credit unions. Likewise, the elaboration of estimates for holding of assets awarded was a topic that affected the results, financial situation and, therefore, capital of a reduced group of credit

unions, which maintain high levels of unproductive goods since a few years ago.

The Growth of the credit unions kept a positive trend, because of the assets and total loan portfolio of the sector increased 7% and 11% in the year, respectively. This trend is led by the nineteen biggest entities, whose assets are higher than \$500 million pesos (mdp).

The portfolio' sound growth, along with the implementation of the scheme to elaborate estimates for credit risks and assets awarded, strengthened the financial situation of the sector. The coverage

index of estimates regarding nonperforming loan portfolio was situated in 82%, while the delinquency index kept its downward trend and was located in 2.7%.

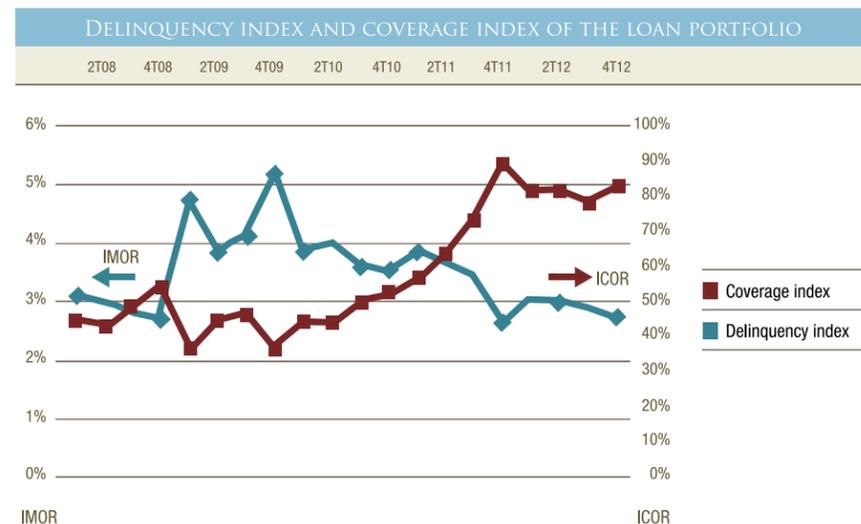
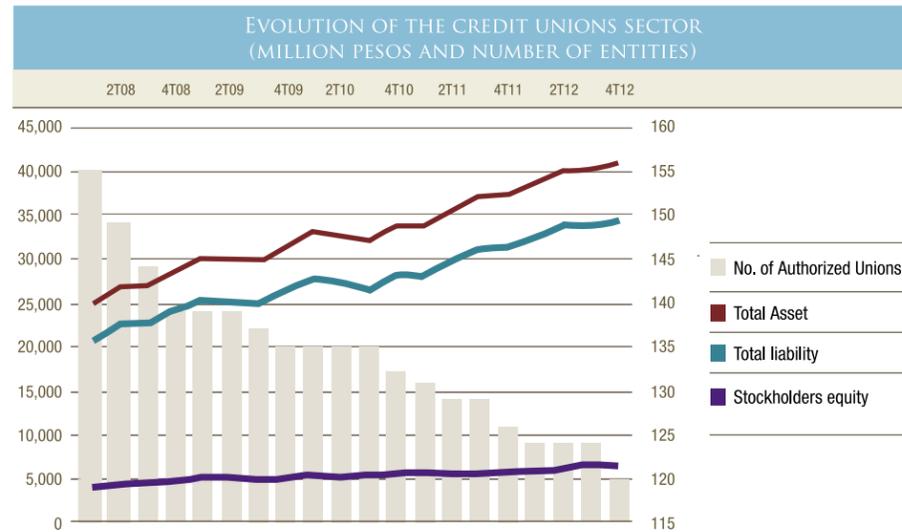
In regard to funding, credit unions show a favorable trend, since loans from partners increased 15% in the year. Nevertheless, different situations were observed depending on their size and level. The entities inside the group with assets higher than \$500 mdp receive more than 75% of total financing from banks and other organizations. Whereas, for smaller entities, access to funding sources from the bank and others organizations was made difficult during the year, which reduce the flexibility of their operation.

On the other hand, in 2012 the sector's profitability improved since the return on equity (ROE, in Spanish) increase from 2.7% to 5.6%. This behavior is explained, mainly, because during 2011 the sector elaborated 80% of the preventive estimates of loan portfolio required by it, whereby the profitability decreased significantly. Regarding sector's solvency, the aggregated capitalization index (ICAP, in Spanish) was located in 15.5%, although 40 entities kept a paid fixed capital lower than the legal minimum and, in 2013, they should contribute resources to meet the requirements (two million units of investments, UDI). It is estimated that ten of these entities will not face important problems as they have the necessary stockholders' equity, whereas almost fifteen show, besides problems of capital, other operative and financial deficiencies that jeopardize their continuity.

CREDIT UNIONS

Concept	2011	2012
Total number of entities in operation	126	120
Number of entities that submitted information	104	105
Total assets (mdp)	37,950	40,579
N5 (%)	39.39	41.84
IHH (%)	22	21
Total portfolio (mdp)	28,339	31,341
N5 (%)	38.91	42.66
IHH (%)	23	21
Main indicators (%)		
Delinquency index	3.20	2.73
Coverage index	76.55	82.41
Capitalization index	15.30	15.53
Return on asset ROE	2.69	5.62
Return on capital ROA	0.44	0.87

Notes:
 mdp = million pesos.
 * It includes the main office.
 IMOR = Nonperforming loan portfolio / total loan portfolio.
 ICOR = Preventive estimates for credit risks / Nonperforming loan portfolio.
 ICAP = Capitalization index = Stockholders' equity / total assets.
 ROE= Net earnings accumulated in twelve months / Average stockholders' equity in twelve months.
 ROA = Net earnings accumulated in twelve months / Total average assets in twelve months.
 N5 = Percentage share of the five main institutions.
 IHH = Inverse of the Herfindahl index. The figure indicates the number of entities shared out the market.
 Source: CNBV, with information supplied by entities as of February 14, 2012.



Supervisory Activities

During 2012, supervision to credit unions continued to focus on evaluate the financial and operative situation of these societies; to review their financial information and the registry of their operations according to the regulatory framework, as well as to verify compliance with parameters set forth in the regulation. This has allowed to safeguard the sector's stability; point out measures in order to credit unions with problems implement corrective actions or, where necessary, promote the organized exit of the unviable entities through revocation of their license.

In the year, regular inspection visits were carried out to 42 credit unions (more than 30% of the sector). Through these visits, situation of the assets, operational processes, operations' registration, administrative management and creditworthiness of intermediaries were supervised, as well as compliance with the applicable law. Moreover, special visits related to attention and processing of applications received from credit unions to change their authorization into a license of niche bank or their operation to reach the Level II.

Likewise, a permanent surveillance process was kept, the regulatory compliance was verified and the timely and proper financial information delivery was followed up. About this point, an average of 105 credit unions (of the 120 authorized to operate) submit their information, in due time and form, to CNBV: the other fifteen present delays because of they are involved in corrective measures programs or they have been summoned to receive administrative sanctions.

Achievements

The supervisory actions implemented by the CNBV, during the year, led to improvements in management, corporate governance and risk coverage in most credit unions. In particular, the adopted measures allow to maintain the sector's growth, reduce its nonperforming portfolio, increase the coverage of nonperforming assets and improve information disclosure to partners, funders and market.

POPULAR FINANCE SECTOR'S ENTITIES

Background

Popular finance sector (or popular savings and loan sector) consists of entities aimed to provide financial services, mainly savings and loans, to economic and social sectors that are underserved by other intermediaries. The sector is composed of Savings and Loan Cooperatives (SOCAP, in Spanish) and Popular Financial Companies (SOFIPO, in Spanish), regulated by the Law to Regulate Activities of Savings and Loan Cooperatives (LRASCAP,

in Spanish) and the Popular Savings and Credit Law (LACP, in Spanish), respectively. Also, since 2009 the latter law recognizes the existence of other juridical figures in the sector: Community Financial Companies (SOFINCO, in Spanish) and Rural Finance Integration Organisms (IOFR, in Spanish). The remainder of this section presents information about the first two types of entities.

Savings and loan cooperatives

Integration and current situation

According to the information from the registry of the Protection Fund (Fondo de Supervisión Auxiliar de Sociedades Cooperativas de Ahorro y Préstamo y de Protección a sus Ahorradores) published on the Internet (www.focoop.com.mx), at the end of 2012, 610 savings and loan cooperatives operate nationwide, with total assets of \$89,700 million pesos (mdp), a little bit more than 5.9 million of partners to which they serve and in different situations, as follows:

Currently, the CNBV supervises 70 authorized entities, whose partners are under protection of the deposit insurance from the Protection Fund up to 25,000 investment units (UDI); from which, seven were authorized during 2012. The remaining of the sector is composed by entities that are in different situations or that are not obligated to request authorization to the CNBV, through the Supervisory Committee, because of their assets are equal to less than 2.5 million of UDI (SOCAP of basic level).

Without consideration to contributions from the new seven authorized participants during 2012, the sector of savings and loan cooperatives report the following advances:

- Total assets increased 7.8% during the year. The loan portfolio decreased 1.4%, but the investments in securities increased.
- Traditional deposit-taking volume of the resources increased by 6.7% through sight and time savings deposits.
- Preventive estimates for credit risks covered 117.5% of non-performing portfolio, without meaning that the positive results were prevented from generation.

- Compliance with the requirements of capitalization raised in most of the SOCAP, due to the reinvestment of the remains generated in the year and, in some cases, because of the increase in partners' shares to increase capital stock.

SAVINGS AND LOAN COOPERATIVES

Situation of the company	SOCAP	Assets		Partners		
		(mdp)	(%)	(thousands)	(%)	
SOCAP authorized under CNBV's supervision	70	\$62,172	69%	3,746.7	63%	
SOCAP in extension (1)	Under CNBV's consideration	65	\$9,737	11%	661.7	11%
	Under the Supervision Committee's consideration (2)	88	\$10,489	12%	787.3	13%
	They have not submitted an authorization request	49	\$3,545	4%	276.1	5%
	Subtotal entities in extension	202	\$23,771	27%	1,725.1	29%
SOCAP under other situations	Not assessed by the Supervision Committee	25	\$1,039	1%	93.8	2%
	Classified under category D by the Committee (3)	26	\$1,560	2%	204.0	3%
	Subtotal companies under other situations	51	\$2,599	3%	297.8	5%
SOCAP of basic level (4)	287	\$1,199	1%	178.6	3%	
Total	610	\$89,741	100%	5,948.1	100%	

Notes:

- (1) These are working under the protection of LRASCAP's transitory regimen.
- (2) Includes a basic level company that requested its authorization to the Supervision Committee.
- (3) Without possibilities to comply with the minimum requirements to request their authorization, therefore they are legally disabled to carry out raising funds operations.
- (4) They do not require the CNBV authorization, they do not have Protection Fund coverage and they only need to register in the Supervision Committee. Their total assets are lower to 2.5 million UDI.

Supervisory Activities

Supervisory actions undertaken by the CNBV were focused on maintaining the proper functioning of cooperative societies authorized according to the sound financial practices and in compliance with applicable regulations. In this sense, remedial programs were established to correct observations detected in the inspection and surveillance activities regarding aspects of operation and internal control; registration and financial information disclosure aspects; notification of capitalization level category, as well as compliance with obligations on contributions to the deposit insurance account of the Protection Fund. In addition, follow-up was

given to the proper attention of such corrective measures and the overall evolution in the sector entities was supervised.

During 2012, the CNBV continued with its participation in the forums to explain, disseminate and emphasize the importance of the regulation, regularization and supervision of this sector. Likewise, in coordination with other financial authorities, it issued newsletters to prevent and guide the public about advisability of trusting their savings to entities authorized and supervised by the CNBV.

SAVINGS AND LOAN
COOPERATIVES

Concept	2011	2012 *
Number of authorized entities	63	70
Total number of entities in operation	63	69
Operation level I	22	23
Operation level II	14	20
Operation level III	27	27
Total number of branches**	1,151	1,261
Operation level I	96	99
Operation level II	105	155
Operation level III	950	1,007
Total assets (mdp)	56,797	61,450
N5 (%)	66.95	64.89
IHH (entities)	5	5
Total loan portfolio (mdp)	41,822	42,703
N5 (%)	69.68	66.19
IHH (entities)	4	5
Total traditional deposit-taking (mdp)	46,635	49,583
N5 (%)	68.92	66.42
IHH (entities)	4	5
Main indicators (%)		
IMOR	6.19	6.47
ICOR	106.81	114.27
ROE	9.72	9.42
ROA	1.36	1.4
Capitalization level	212.67	244.69

Notes:

* / Information as of November, 2012.

** / The information of 2012 corresponds to figures at the end of September.
mdp = million pesos.

IMOR = Delinquency index: Nonperforming loan portfolio / Total loan portfolio (outstanding + nonperforming)

ICOR = Coverage index. Preventive estimates for credit risks / Nonperforming loan portfolio.

ROE = Net earnings of annualized period / stockholders' equity.

ROA = Net earnings of annualized period / total assets.

Capitalization level = net capital / requirement of risk capital.

Source: CNBV, with information received as of January 14, 2013.

Also kept a fluid communication with the Savings and Loans Cooperatives Confederation of Mexico (CONCAMEX, in Spanish) and with the Protection Fund, to promote to the cooperatives to submit their authorization request before the CNBV prior to the end of the year 2012. Derived from this effort, it was achieved that 153 entities submitted their authorization file before the Supervision Committee; from these, 65 achieved a favorable opinion and submitted their request before the CNBV, while 88 are in process of to be ruled. On the other hand, follow-up was provided to the efforts of the Supervision Committee, focusing on consolidating the registration and evaluation of the cooperatives; address the authorization requests submitted and issue the corresponding rulings.

Achievements

With the authorization of seven new entities and the development of the supervision actions, during 2012 CNBV fostered the strengthening of the cooperatives in general and, in especial, obtained the following progress:

- The communication mechanism with the different members of the sector was strengthened and their integration and representation organisms.
- The integration of a single Supervision Committee was reached, with one central office and seven regional offices (including the new office in the State of Oaxaca), favoring a professional supervision, coordinated with CNBV and exempt of conflicts of interest.
- A registration of cooperative companies was consolidated before which all entities must be registered; it is public and offers information to the interested parties in this sector.
- Deposits insurance to the Protection Fund was strengthened with contributions of the authorized entities and the Federal government, in order to have resources for \$524 mdp.

Popular financial companies**Integration and current situation**

At the end of the year, the sector of popular financial companies (SOFIPO, in Spanish) was integrated by 65 entities, with assets close to \$21,430 mdp. Of this total, about 95% of assets are ac-

counted for in 43 societies authorized and supervised by CNBV, with assets of \$20,133 mdp. The rest correspond to companies not authorized, due to they are new or in conditioned extend, in accordance with the transitional arrangements of the LACP. These entities submitted to the CNBV their requests to functioning as SOFIPO or as community financial companies (SOFINCO, in Spanish), which are being studied.

During 2012, most of the institutions fulfilled the capitalization requirements due to contributions of resources made by the members and new investors, as well as through reinvestment of the remains generated in the year. In addition, the sector of popular finance companies showed the following developments:

- Reported opening of 147 new branches to customer services.
- Increased 16% in the traditional deposit-taking, through sight and time savings deposits.
- Increased 18% in the placement of credits and achieved greater penetration in the market.
- Kept preventive estimates for credit risks enough to cover the total of nonperforming portfolio.
- Strengthened the Protection Fund's wealth with contributions of 35 companies incorporated to this scheme and the contribution from the Federal Government to have resources for \$130 mdp.

Supervisory Activities

CNBV focused on reviewing the adequate risk management of the entities and the effectiveness of their internal control systems and information technologies, as mechanisms to ensure its proper functioning in accordance with sound financial practices and in compliance with applicable regulation. Also follow up was provided on commitments assumed by entities to implement remedial programs resulting from previous inspection visits or acts derived from supervision.

Likewise, the works of supervision were directed to lead the federations so that, in the development of their functions, generate synergies that allow them to improve the auxiliary supervision to their charge and incorporate a greater number of companies affiliated.

POPULAR FINANCIAL COMPANIES

Concept	2011	2012*
Number of authorized entities	43	43
Total number of entities in operation	40	42
Operation level I	30	32
Operation level II	4	4
Operation level III	6	6
Total number of branches	752	899
Operation level I	199	259
Operation level II	134	162
Operation level III	419	478
Total assets (mdp)	17,807	20,133
N5 (%)	77.77	75.32
IHH (entities)	3	4
Total loan portfolio (mdp)	14,066	16,665
N5 (%)	83.03	79.45
IHH (entities)	3	3
Total traditional deposit-taking (mdp)	11,906	13,816
N5 (%)	82.76	80.14
IHH (entities)	3	3
Main indicators (%)		
IMOR	9.60	10.88
ICOR	135.98	116.54
ROE	-7.11	-2.83
ROA	-1.29	-0.52
Adequacy to capital requirement	234.80	167.60

Notes:

mdp = million pesos.

* / Information as of November, 2012.

IMOR = Delinquency index: Nonperforming loan portfolio / Total loan portfolio (outstanding + nonperforming)

ICOR = Coverage index: Preventive estimates for credit risks / Nonperforming loan portfolio.

ROE = Net earnings of annualized period / stockholders' equity.

ROA = Net earnings of annualized period / total assets.

Adequacy to capital requirement = Net capital / requirement of risk capital.

Source: CNBV, with information supplied by entities as of January 14, 2013.

Particularly, the following activities are emphasized:

- The fact that the sector preserved an orderly growth in their credit and fund raising portfolios was supervised.
- Preventive measures were promoted to prevent companies from incurring risks that would limit or jeopardize their feasibility.
- Corrective actions were performed to address areas of opportunity.
- Adequate transparency and disclosure of the financial sector information was monitored.
- Integration and operation of the technical committee and the Protection Fund savings protection committee was verified; also transparency and disclosure of their financial situation and fees paid by the members of the sector was reviewed.
- Participation in diverse forums organized by governmental and non-governmental organizations representative of these companies, in which they emphasized the positive effects of prudential regulation and the opportunities to reach their consolidation and strength.

Achievements

CNBV's Supervisory actions helped to this sector and, consequently, to facilitate its integration as an important piece of Mexican the financial system. Among the main achievements highlight: the strengthening of entities' capital, particularly in those get involved in capital restoration plan or those whose solvency showed weakness, as well as the streamlining and improvement of the communication mechanisms with the sector's members and communication of critical factors in order to improve the companies' profitability.

CREDIT BUREAUS

Integration and current situation

Credit bureaus (SIC, in Spanish) which collected, managed and integrated information on the credit history of natural and legal persons in 2012-which is used by financial and non-financial entities to support decision making within their procedures for granting loans-were Círculo de Crédito, S.A.

de C.V., Trans Union de México S.A. and Dun & Bradstreet, S.A. The last two operated under the branch Buró de Crédito.

At the end of 2012, Círculo de Crédito recorded, in its database, information about 206 million of loans regarding 51 million of natural persons, in addition to 0.2 million of loans with respect to 0.1 million of legal persons. While Trans Union de México managed information about 249 million of loans corresponding to 80 million of natural persons; meanwhile Dun & Bradstreet concentrated information of approximately 15 million de loans, spread over three million of borrower registered as natural and legal persons with business activities.

Supervisory Activities

CNBV focused its inspection and surveillance activities to review policies and processes established by the SICs. In addition, it carried out activities to improve the information quality on the borrower and determined, in coordination with the main financial institutions users of the SICs, a set of principles and minimum guidelines to use in the supervision tasks, specifically to assess the processes with which the information to the SICs is reported.

In the year, one inspection visit was performed to each company with the purpose of verifying compliance with regulation and adherence to better practices of the applied processes to:

- Receive and validate information submitted by financial and commercial intermediaries.
- Share negative information (determining the primary databases).
- Delete records as established by the regulations.
- Deal with claims made by the borrowers.
- Ensure information security and protection of customer's data.

Achievements

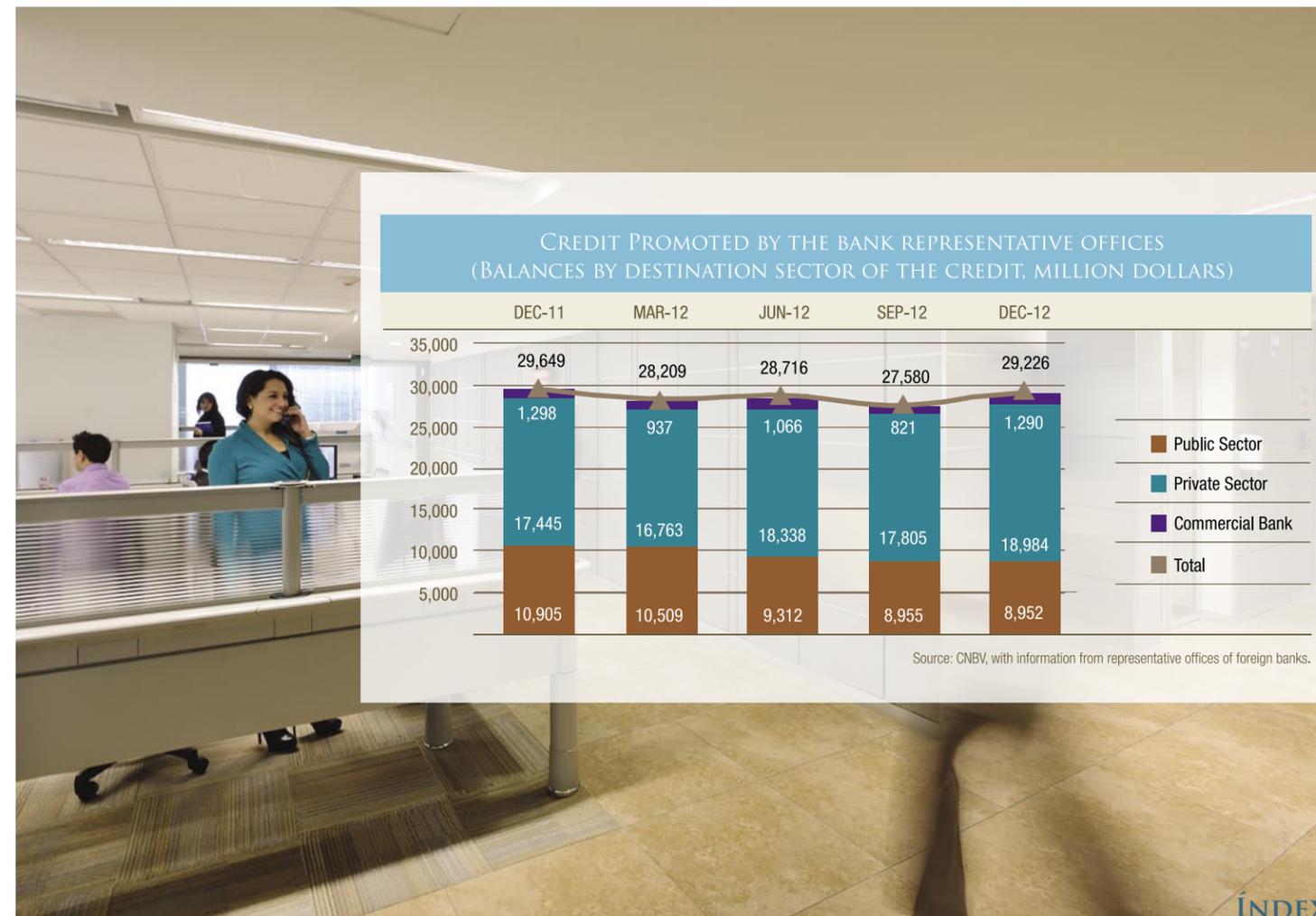
CNBV made contributions so that important advances were achieved in the sector of credit bureaus, among them the following are highlighted:

- The authorization granted to Círculo de Crédito was extended to offer its services about legal persons borrowers and not only about natural persons.
- Measures were implemented to improve the quality of the information contained in the databases of the SICs.
- Processes for records removal were strengthened to ensure that the information is filtered according to the terms established in the regulations and to regularize the use of prevention codes assigned by users to borrowers.

REPRESENTATIVE OFFICES OF BANKS AND BROKERAGE FIRMS

Integration and current situation

At the end of 2012, the sector of foreign financial institutions' representative offices was composed of 65 entities. Of them, 60 were representative offices of banks from twenty countries; one of which was in suspension of operations and two had started closure process, whereas the others operated normally. Furthermore, five representative offices of foreign brokerage firms participated in this sector, one of them was in suspension of operations and four operated normally.



In 2012, the credit promoted by the representation offices decreased 1.4% in respect to the closing of 2011, upon passing from \$29.649 million dollars (mdd) to \$29.226 mdd on December, 2012, amount that equals to 13.8% of the credit granted by the multiple banking institutions to that date. The credit promotion from banking offices resulted in higher balances of the portfolio channeled to the private sector, but not thus as for the credits intended to the public sector entities. In turn, the credits granted to commercial banks were maintained relatively stable.

The repercussions of the crisis faced by the European economies have edged several of the representation offices' headquarters to reduce their credit activities in our country and even to close some of them. Nevertheless, the credits decrease promoted on behalf of banks' representative offices from Europe to the private sector have been compensated for the increase in financing to specific productive activities (as the automobile and manufacturing industries) on behalf of the offices of financial entities from United States of America and Japan.

Supervisory Activities

During the year, inspection visits were performed to 23 representative offices of banks and three more to representative offices of foreign brokerage firms, in order to revise that their functioning was according to activities allowed to them.

Achievements

As a result of activities undertaken, it was found that the operations of the visited banking offices are limited to the applicable regulatory framework.

RESEARCH VISITS

CNBV may carry out research visits to natural and legal persons not subject to their supervision that, presumably, are carrying out operations in contravention to the financial laws or that, probably, are carrying out activities foreseen in the laws related to the Mexican financial system, without any authorization, concession or registration that the same laws establish for that purpose.

On that matter, during the year diverse accusations were received of some financial entities and people that were defrauded by businesses that carried out irregular deposits-taking operations without having the duly authorization for it. In response, CNBV carried out 246 research visits to the businesses denounced. The above, in order to obtain proof elements to issue legal opinions or administrative sanctions, such as suspensions or closures of the irregular establishments or business.

Finally, to achieve a greater prevention regarding these behaviors, CNBV has increased its coordination tasks with diverse government agencies, such as the Ministry of Finance and Public Credit (SHCP, in Spanish) and the National Commission for the Protection of Users of Financial Services (CONDUSEF, in Spanish).



REGULATION

INTRODUCTION

CNBV is authorized to issue general provisions to which diverse entities and individuals must be subjected to, in order to be able to regulate both the companies members of the Mexican financial system that form part of their field of competence, and the corporations and individuals performing activities foreseen in the financial laws. Likewise, pursuant to what is established in the applicable regulation, it is authorized to act as consultation body for the Federal Government on financial matters. This section summarizes the main activities carried out in 2012 as for the elaboration and issuance of general rules, modifying resolutions and technical opinions.

REGULATION ISSUED BY CNBV

Overview

During 2012, the regulation issuance was focused on updating, consolidating and to simplifying the normative framework, with emphasis on accounting and prudential subjects. About the item above, the regulation on accounting and financial matters was modified in parallel for several supervised sectors, for which a specific section on this subject is included herein. The rest of the section describes the main amendments to the provisions in force that CNBV developed and issued in the year, grouped according to the supervised entity type to which general rules apply.

Provisions on accounting and financial information

Regulation on accounting and financial information submission was modified in various sectors, as part of the permanent effort carried out to: harmonize the criteria used; make the information comparable; foster convergence and consistency of the national rules with the international regulations on the subject and, in certain cases, address remarks received on some particular provisions. Consequently, during the year the accounting criteria applicable to the following financial entities was updated: lending institutions; brokerage firms; mutual funds firms; mutual funds operators; investment companies actions distributors companies; auxiliary credit organizations; currency exchange offices; limited purpose finance companies and regulated multi-purpose finance companies.

In this sense, the regulatory reports that must be submitted to CNBV from some of the entities stated in the previous paragraph were also modified in order to achieve coherence with the new accounting criteria, to favor availability of comparable and transparent information, as well as to promote convergence with the international criteria on information disclosure and transparency.

Credit institutions

Net Capital Integration and capitalization requirements

- In order to promote investment in the international capital of multilateral agencies for international development by the credit institutions, the investments that the said institutions maintain in the capital of the aforementioned multilateral agencies may be incorporated in the net capital determination. On this matter, a prudential framework was established that privileges the investments described as the multilateral agencies of development count with a high degree of investment. In this sense, the prudential framework recognizes a higher cost of capital to the extent that it has a greater ownership of capital in such agencies. Likewise, previously stated prudential framework exempts these investments from the capital requirements by market risk.

- In order to favor the regulatory framework to be harmonious with the international standards in credit institutions capitalization matter, the net capital composition of the credit institutions was strengthened according to the guidelines established by the Capital Agreement issued by the Basel Committee on Banking Supervision (Basel Agreement III). The above, with the purpose of contributing to improve solidity and stability of the banking system, as well as to favor the banking institutions to raise their capacity to face financial or economic problems by means of the integration of a higher capital and better quality capital. The most relevant adjustments to the regulatory framework were the following:

1. These are recognized as components of the net capital of commercial banking institutions, only the issued titles having the capacity to absorb losses when these institutions show a detriment in their capital, whether through conversion in representative titles of the own capital or by means of the value loss, according to what has been agreed at the issuance time.

2. A minimum capitalization ratio (ICAP) was maintained of 8% and a progressive recognition of the net capital was considered, based on new minimum levels for the two elements that now form the basic part of the net capital, this is, the basic capital 1 and the basic capital 2. Likewise, a capital conservation supplement of 2.5% was incorporated from the own basic capital 1 on the weighted assets subject to total risk.
3. Modifications to early warnings were carried out to indicate that the commercial banking institutions that did not have an ICAP of at least 4.5% will be classified in the category V, without the said classification by itself imply starting the annulment procedure of the concerning institution.
4. Compliance coefficients for the basic capital components were defined, determined on the basis of the ICAP of the commercial banking institutions, so that CNBV classifies them in different categories for effects of corrective measures implementation. It was directed that for commercial banking institutions failing to comply to maintain the basic capital supplement of 2.5%, will result to be applicable to the following measures: (a) restriction in payment of dividends and extraordinary clearings, and (b) obligation to submit a capital conservation plan.

Risks Diversification

A procedure was established to allow the credit institutions to compensate the debtors and creditors balances having with a same counterpart in by-products operations, in the decision of the applicable limit to enter into financing operations with people representing the same common risk. In coherence with the above, in order to perform such clearing, deposits granted as collaterals are taken into consideration, with the purpose of diminishing the creditors' balances that guarantee the above-mentioned deposits upon carrying out derived operations.

Electronic Banking

It was extended until December 31st, 2013 the transitory deadline originally granted to the credit institutions to include sale point terminals allow-

ing information encoding according to the electronic banking provisions.

Brokerage Firm

It was specified that the brokerage firms would be able to carry out shares transmission related to the settlement at maturity of the contracts off-tures and options on shares over the counter, and therefore foreseen the requirements that it must prove to the obligations of information disclosure for such purposes.

Brokerage Firms and Credit Institutions

Given that both the Security Markets Act (LMV, in Spanish) and the Credit Institutions Act (CIA) authorize the CNBV for regulate, in general, the operations with securities carried out by brokerage firms and credit institutions, and in order to safeguarding the interests of the public, the general provisions applicable to brokerage firms and credit institutions in the matter of investment services were issued, through which, among others, the following objectives were achieved:

- Defining the different investment services types that can be provided by the indicated financial companies, differentiating the assessed from not assess services (which should have different characteristics and scopes).
- Establishing that, to protect the investors interests, the financial entities should evaluate the personal circumstances, investment objectives, financial situation and knowledge on the matter, among other aspects, in order to have a profile of their clients focused on the comprehensive protection of their interests.
- Foreseeing that the financial companies should analyze the financial products they offer to their clients so that they have an adequate guide in making investment decisions. Such analysis should provide homogeneous information as for quality and elements of the products.
- Establishing the entities' obligation to disclose certain information through an investment services guide, containing, among others, the fees that will be charged for the investment services, the policies to avoid the existence of conflicts of interest and the policies for the diversification of the investment portfolio.
- Determining the concept of reasonableness of the operations or recommendations formulated by the financial companies upon providing assessed investment services, being understood for such, formulation of recommendations or operations in accordance with the clients profile and depending on the financial product type.
- Determining certain requirements in securities distribution before potential conflicts of interest in the activities of the financial companies with its clients. This means that the entities will incur in a conflict of interest in the event that they do not carry out the diversification, among their own clients, of the securities issuances in which they act with the character of placer leader or as members of the placer union, or, when they simply participate in their distribution.
- Compiling in a single legal instrument other general rules issued by CNBV that due to its content related to providing investment services, should be part of the Provisions. On this respect, rules about subjects such as the clients' investment profiles, categorization of products and fees for the services rendering were repealed of the general Provisions applicable to the brokerage firms.
- It is foreseen that, in their character of issuers, the federal entities and municipalities will be liable to submit a document including the differences among the accounting standards they use (issued by the National Council of Accounting Harmonization), and the International Financial Reporting Standards (according to which the rest of the issuers must prepare and submit their financial reports), so that the market in general knows the differences between both standards.
- It was stated that those issuers requesting the preventive inscription of debt instruments under the placement program modality, should update the corresponding prospect if they carry out a new issuance covered by the program when a year has elapsed from the initial publication of the prospect or of its last updating. Those issuers were excepted of the described obligation when they are up to date in the information submission to the market.
- The minimum number of shareholders or ordinary share certificates holders on shares was deleted, that the stock exchange corporations and the promoter corporations of stock exchange investment should accredit, for effects of the maintenance of its listing in the stock exchanges, for which such exchange will be able to determine freely such minimum number in its internal regulation.
- Some applicable standards for foreign issuers were incorporated. On the matter, an administrative facility was granted to them so that they can submit their financial statements in different language than Spanish and, subsequently in Spanish. In addition, they were exempted from the obligation to submit the conciliation of relevant accounts to identify differences between the applicable accounting standards in their country of origin and the applicable in our country, when the quarterly financial information is submitted.
- An option was added so that the third parties related to the issuers can prepare their financial statements based on the Financial Information Standards recognized and issued by the Mexican Counsel of Financial Information Standards, or, according to the Financial Information International Standards.

Stock Market Participants and Instruments

Issuers

- It was established that the issuers have the obligation to inform the securities rating agencies any qualification requested or obtained, by any cause, from other securities rating agencies, as well as to disclose it to the market as a relevant event once they are acknowledged.
- Precisions to the legends that should appear at the bottom of the placement prospects or issuers' informative supplements as well as to their annual reports, were done.
- The time limit was modified so that the securities issuer provide the CNBV with the issued testimony covered by a minute properly recorded in the Public Registration of the Property, so that mentioned obligation get fulfilled not longer than the same day of the issuance date.

- It was established that the issuers' external auditors should accompany their rulings with a statement in which they grant their agreement so that the rulings they have previously issued on the relevant issuer's financial statements are incorporated to the placement prospect, to the informative supplement and to the annual report.

Securities rating agencies

The applicable standardizing framework of the securities qualifier institutions was fully updated, issuing the new general Provisions applicable to the securities rating agencies, in general terms the following was established:

- Provisions related to the securities credit quality study, analysis, opinion, evaluation and ruling carried out by the securities rating agencies were strengthened.
- The obligation was established so that the securities rating agencies have mechanisms of control and monitoring that assure that their processes and methodologies for the study, analysis, opinion, evaluation and ruling of the securities credit quality or clients be carried out with independence and quality, in order to reinforce the credibility of their reports. Similarly, the minimum elements to be considered by the qualifiers in the above-mentioned processes and methodologies were determined, so that these may be sufficiently comprehensive and exhaustive to assure a reliable rate.
- It was established that the information to be disclosed to the public must be updated, relevant, timely, of quality and clear, in order to take better decisions on investment.
- Diverse mechanisms were established for information exchange or explanations between the qualifier and their clients, with the purpose to preserve the independence and precision in the processes of rating agencies. Assumptions on economic dependence that imply a conflict of interest were determined and was established that, if such assumptions are updated, the rating agencies must restrain to provide their services.
- It was established that the rating agencies are bind to publish and to send periodically to CNBV diverse information relating to their activities.



International Quotations System

On the other hand, the general Provisions applicable to the International Quotations System (SIC, in Spanish) were restated, emphasizing the following modifications:

- Direct recognition of securities issued in all the countries being part of the European Union was restricted, for the effects of their listing in the IQS, since they do not meet the minimum standards of the States of the International Organization of Securities Commissions members.
- The prohibition was included for credit institutions and brokerage firms acting as sponsor financial entities to receive payments, commissions, fees or considerations from any issuer to obtain the listing of their securities in the IQS, as well as received from those issuers, sponsor financial entities or related people, for the sale and distribution of the securities listed in the IQS.
- Securities that could not be subject of recognition for effects of the IQS listing were expressly established, since due to their characteristics, sophistication and risks represent high risks for the investor public. Such securities are foreign securities structured or issued by collective, listed and quoted investment vehicles in foreign stock exchange markets, whose main objective is to reproduce the behavior of one or more ratios, financial assets or reference parameters determined in the own provisions.
- It was established, as general rule, that the foreign securities could be listed in the IQS when they have been placed 100% abroad, by means of public offering, and provided that such issuance have a seniority of at least three months of being placed.
- The obligation for the stock exchanges to have a special section in the IQS listing was established, to list those structured securities issued abroad intending to be quoted through the mentioned system, in consideration to their special characteristics.

Savings and Popular Loan Sector

Savings and Loan Cooperatives

With the issuance of Law to Regulate Activities of Savings and Loan Cooperatives, a single normative body was established to regulate, in an exclusive manner, the sector of savings and loan cooperatives, in function of their legal nature.

Community Financial Companies and Rural Finance Integration Organisms

General Provisions applicable to popular savings and loan entities as well as integration organisms referred by the Popular Savings and Credit Law, were modified in order to recognize the existence of the community financial companies (SOFINCO, in Spanish) and the rural financial integration organisms (OIFR, in Spanish).

CNBV's Internal Regulations

During the fiscal year 2012, the following CNBV's internal regulations were modified:

- By agreement, CNBV's Chairman delegates faculties in the Vice Presidents, General Directors and Assistant General Directors of the Commission.
- Agreement by which the administrative units are organically ascribed to CNBV.
- Agreement by which the Board of Governors of the National Banking and Securities Commission delegates to the President, Legal Vice-President, General Director of Crimes and Sanctions and Assistant General Directors of Sanctions A and B, of the CNBV itself.

The amendments to the stated legal instruments were carried out, mainly, to make them consistent with reforms previously performed to CNBV's Internal Regulation, in the sense of: (a) modify the organic structure of CNBV in order to include three new administrative units; (b) include the faculties granted to CNBV by virtue of the reform to the

General Law of Organizations and Auxiliary Credit Activities (LGOAAC, in Spanish) on the subject of operations with illicit origin resources, in relation to the supervision of currency exchange offices, money transmitters and not regulated multi-purpose finance companies; (c) perform some precisions in the faculties of diverse administrative units of this CNBV; and (d) expressly establish the subjects to which the public servants of CNBV may impose administrative sanctions for transgressions to the laws related to the Mexican Financial System or the provisions derived thereof.

REGULATION ISSUED WITH CNBV OPINION

Background

As a consultation body of the Federal Government in financial affairs, CNBV collaborates with other national authorities in preparation and restatement process of the applicable standards to the financial system that such authorities issue, upon contributing with technical opinions. This section presents the provisions issued during 2012 where it participated.

Minimum Capital for Auxiliary Credit Organizations and Activities

In March of 2012, CNBV issued an opinion about the Agreement by which the minimum capitals are determined whereupon the bonded warehouses, the financial leasing companies, the financial factoring businesses and the brokerage firms for the year 2012 (Agreement), in exercise of their function as consultation agency. In the Agreement, published by the Ministry of Finance and Public Credit the minimum capital amounts to constitute and organize new bonded warehouses and brokerage firms were established, as well as the amounts required to maintain in operation both the companies of this type already authorized and the financial leasing companies as and financial leasing companies that are currently working.

To determine the above-mentioned minimum capitals, the economic circumstances to face by the auxiliary credit organizations and brokerage firms, as well as the country in the general were evaluated, and diverse quantitative and qualitative variables were considered, among them the following: growth of the Gross Domestic Product (GDP); the level of the equilibrium interbank interest rate (TIIE, in Spanish) in national currency; inflation measured by the National Consumer Price Index (INPC, in Spanish), and the exchange rate to settle obligations in foreign currency payable in the Mexican Republic, set by the Bank of Mexico.

INTRODUCTION

The CNBV has powers of authorization regarding financial entities within its field of competence, which are exercised in strict compliance with applicable regulations and are always oriented to ensure the legality of acts carried out by those entities, to contribute to healthy and balanced development of the domestic financial system. These powers refer to organization and operation of entities, as well as the implementation of actions under the respective laws. This chapter of the report contains the main activities and achievements obtained during 2012 on this matter.

NEW ENTITIES AND COMPANIES OF THE FINANCIAL SYSTEM

Throughout the year several authorizations were granted for the organization and function of entities from different sectors, such as detailed next.

Commercial banking institutions

The CNBV authorized the organization and operation of six new banks specializing in attend certain sectors of the economy (foreign trade, farming and real estate sectors, micro-finances, secured loan and electronic payment means). It is expected that these new commercial banking institutions increase the competitiveness of the Mexican financial system as a whole, expand financial services coverage at domestic level, as well as offer new products and services.

At the end of 2012, most of the authorized banks were in pre-operative phase to prove fulfillment of established requirements for the start of their operations. Authorized banks in the year were the followings.

Banco Bicentenario

This institution had its origin in the Unión de Crédito Nuevo Laredo, whose shareholders, linked to the custom agents sector, decided to transform the nature of the entity to operate as a commercial banking institution focused to this sector. Its goal is to provide access to comprehensive services for foreign trade, including federal taxes payment, as well as a wide range of credit and deposit-taking products. The authorized project has planned that the institution operates in the main national ports and customs, through customer service offices in various States of the Republic.

Agrofinanzas

The origin of this new bank is a limited purpose finance company (SOFOL, in Spanish) which was authorized to change its system to a commercial banking institution. Its business plan tries to maintain and consolidate its presence in farming, livestock, forestry and fishing sector, since from

its beginning has operated with them, as well as extend its market to other segments of rural population of the country that are not linked to these activities. Its offer of basic credit is addressed to small and medium-sized companies participating in productive chains, and for micro and small producers.

Banco Forjadores

The entity Forjadores de Negocios, SOFOM, not regulated entity (ENR, in Spanish), received authorization to change system with the name of Banco Forjadores, commercial banking institution. It will maintain its specialization in micro-finances, using the experience in this market niche that has developed in several countries of Centro y Sudamérica Grupo ACP Inversiones y Desarrollo (Peru), its control shareholder. The new bank will focus its activity in the individual and collective or group credits placement, with particular emphasis in the design of products aimed at business women with affairs related to trade. The distribution network of its products will be integrated by service offices and established modules in most of the States in the Mexican Republic.

Banco Inmobiliario Mexicano

Banco Inmobiliario Mexicano will be focused on the real estate sector, in which Hipotecaria Casa Mexicana SOFOM, ENR was developed, company which originated it through transformation of its operative system. Its main objective is to meet the credit and investment needs in the real estate market of the country, by the offer of financial services and products for design, construction, commercialization and acquisition of all class of properties and related business, aimed to developers, small and medium-sized companies and natural persons.

PagaTodo

With an important career in business of electronic recharge for mobile phones and stored value card management, PagaTodo was incorporated to the finance system with an innovative proposal of specialized bank in the payment means issuance, whose potential market is composed by frequent user of cash, from people within middle, middle-low and low socioeconomic status. The institution strategy consist of the massive launch of debit

cards linked to accounts with minimum amount, starting in Mexico City metropolitan zone and then extending its coverage to zones with basic telecommunications structure.

Fundación Dondé Banco

The ancestor of this bank is a private assistance institution founded almost one century ago and whose mission historically has been to supply economic supports to education and grant secured loans to people with limited economic resources that generally has no access to financing means. For the materialization of this project, investors constituted an investment trust whose technical committee will have the control of Fundación Dondé Banco. Its general operation plan is to grant secured loans and, in subsequent stages, to place personal, productive, individual and solidarity loans, as well as to offer deposit-taking products, using the infrastructure that Fundación Rafael Dondé already has at the national level.

Brokerage firms

Goldman Sachs México

After having ended its operations in Mexico in 2001, Goldman Sachs Group (United States of America, USA) recovers its interest in being in the country, with the goal of moving some activities to the Mexican market, which are performed at another countries, and to increase its operations gradually. Goldman Sachs México will focus its operation in the money, exchange, capital and derivative products markets, with a potential database of customers, integrated by entities from the public sector and institutional, domestic and foreign investors.

Distributors of mutual funds shares

Zurich Fondos México

Zurich Insurance Company, LTD. (Switzerland), with presence in the country within the insurance sector, was authorized to establish a comprehensive distributor of mutual funds shares. The entity will provide services of promotion and investments consulting to people from middle, middle-high and high socioeconomic status, for buying and selling of mutual fund shares and to offer products associated with an insurance

component. It will focus its presence in the Federal District, Guadalajara and Monterrey.

Companies managing systems to facilitate operations with securities

GFI Group México

The international brokerage firm GFI Group Inc. (USA) obtained authorization to establish, in Mexico, an electronic negotiation system for the agreement of over the counter operations with debt instruments, derivatives and other financial assets, which can be accessed by institutional investors both domestic and foreign.

Representative office in Mexico of foreign financial entities

In 2012, it was granted authorization for the establishment, in the national territory, of representative offices of the financial entities named Bank Leumi Le (Israel) and Bank Leumi (Luxemburg), Liberbank (Spain) and NCG Banco (Spain), the first office as product of an alliance between both foreign banks and the last two as result of their head offices' corporate restructuring.

Representative offices abroad of Mexican financial entities

Banco Base was authorized to establish a representative office in Toronto, province of Ontario, Canada, that will perform promotion activities with Canadian customers in order to they perform operations with this entity in Mexico, and it will develop a network of contacts in the United States of America to operate at the currency market of the region.

Popular savings and loan sector

During 2012, operation of seven savings and loans cooperatives was authorized, wherewith it is expected that the offer of financial services, safe and adequate for the population's needs, increases significantly.

SAVINGS AND LOAN COOPERATIVES AUTHORIZED BY THE CNBV IN 2012

#	Entity's name	Assets (million pesos)	No. of partners
1	Caja Popular León Franco de Rioverde, S.L.P.	64	9,062
2	Caja Cerro de la Silla	136	12,892
3	Caja Santa María	14	1,408
4	Caja Popular Pío XII	151	11,910
5	Caja Solidaria Regional Serrana	102	9,370
6	Caja Depac Poblana	94	11,152
7	Caja Popular Tzaulán	64	6,411

Currency exchange offices and Money transfer companies

During 2012, the CNBV carried out the Registry of Currency exchange offices and money transfer companies in its web page, through which 206 registers were granted, 128 of which corresponding to currency exchange offices and 24 to money transfer companies. With these new participants, added to 1,421 previously granted by the Tax Administration Service (SAT, in Spanish) of the Ministry of Finance and Public Credit (SHCP, in Spanish), up to December supervisory powers were exercised regarding a total of 1,566 currency exchange offices and 61 money transfer companies, in order to verify their fulfillment with applicable law of anti-money laundering and terrorist financing. The following companies obtained their registry throughout the year.

CURRENCY EXCHANGE OFFICES AND MONEY TRANSFER COMPANIES
REGISTERED BY THE CNBV IN 2012

Registry	Entity's name	Type of company *	
		CC	TDD
21450	TELECOM		•
21451	Centro Cambiario Méndez, S.A.	•	
21452	Centro Cambiario Viclet, S.A. de C.V.	•	
21453	Centro Cambiario Isaro, S.A. de C.V.	•	
21454	Centro Cambiario Yuan, S.A. de C.V.	•	
21455	Mendoza y Asociados de Chihuahua Centro Cambiario, S.A. de C.V.	•	
21456	Centro Cambiario Friday, S.A. de C.V.	•	
21457	Centro Cambiario El Dólar, S.A. de C.V.	•	
21458	Centro Cambiario Skyflow Inter Divisas, S.A. de C.V.	•	
21459	Kalosan Exchange Divisas Centro Cambiario, S.A. de C.V.	•	
21460	Envíos San Martín, S.A. de C.V.		•
21461	Corporativo San Francisco, S.A. de C.V.		•
21462	Megabyte Station, S.A. de C.V.		•
21463	Centro Cambiario Tecate, S.A. de C.V.	•	
21464	Centro Cambiario Magos, S.A. de C.V.	•	
21465	Gloracon Centro Cambiario, S.A. de C.V.	•	
21466	El Gambusino Centro Cambiario, S.A. de C.V.	•	
21467	Servicios de la Frontera Centro Cambiario, S.A. de C.V.	•	
21468	Centro Cambiario Ahaop, S.A. de C.V.	•	
21469	Centro Cambiario Zatarain, S.A. de C.V.	•	
21470	Pesox Centro Cambiario, S.A. de C.V.	•	
21471	Centro Cambiario Centauro, S.A. de C.V.	•	
21472	Centro Cambiario Alí, S.A. de C.V.	•	
21473	Casa Gose Centro Cambiario, S.A. de C.V.	•	
21474	Centro Cambiario Oman Par, S.A. de C.V.	•	
21475	Centro Cambiario Kyan, S.A. de C.V.	•	
21476	Centro Cambiario Bremi, S.A. de C.V.	•	
21477	Intervault, S.A. de C.V.		•
21478	Envíos Delgado, S.A. de C.V.		•
21479	Centro Cambiario Tarango, S.A. de C.V.	•	
21480	Centro Cambiario La Rioja, S.A. de C.V.	•	
21481	Centro Cambiario Nogson, S.A. de C.V.	•	
21482	Centro CambiarioElian, S.A. de C.V.	•	
21483	Centro Cambiario Pesqueira, S.A. de C.V.	•	
21484	Lana + Fácil Centro Cambiario, S.A. de C.V.	•	
21485	Centro Cambiario Bettina, S.A. de C.V.	•	
21486	Corporativo Olivex Centro Cambiario, S.A. de C.V.	•	
21487	Multiservicios Alejandra Centro Cambiario, S.A. de C.V.	•	
21488	Centro Cambiario Los Olivos, S.A. de C.V.	•	
21489	Cadena Comercial Oxxo, S.A. de C.V.		•
21490	Oxxo Express, S.A. de C.V.		•
21491	Centro Cambiario El Canal, S.A. de C.V.	•	
21492	Dicam Divisas Centro Cambiario, S.A. de C.V.	•	
21493	Centro Cambiario Antunez, S.A. de C.V.	•	
21494	SilverChange Centro Cambiario, S.A. de C.V.	•	

CURRENCY EXCHANGE OFFICES AND MONEY TRANSFER COMPANIES
REGISTERED BY THE CNBV IN 2012

Registry	Entity's name	Type of company *	
		CC	TDD
21495	Centro Cambiario Latinoamérica, S.A. de C.V.	•	
21496	Pepenando Centro Cambiario, S.A. de C.V.	•	
21497	Expert International Business, S.A. de C.V.		•
21498	Divisas Puente Centro Cambiario, S.A. de C.V.	•	
21499	Centro Cambiario Tiva, S.A. de C.V.	•	
21500	Centro Cambiario San Nicolás, S.A. de C.V.	•	
21501	Inter Dólar Centro Cambiario, S.A. de C.V.	•	
21502	El Porchakito Centro Cambiario, S.A. de C.V.	•	
21503	Pabellón Centro Cambiario, S.A. de C.V.	•	
21504	Centro Cambiario F&G, S.A. de C.V.	•	
21505	Centro Cambiario El Centro, S.A.	•	
21506	Baleares Centro Cambiario, S.A. de C.V.	•	
21507	Centro Cambiario Puerta México, S.A. de C.V.	•	
21508	Centro Cambiario Tovar García, S.A. de C.V.	•	
21509	Centro Cambiario Nasdrey Ex, S.A. de C.V.	•	
21510	Centro Cambiario Moreno, S.A. de C.V.	•	
21511	KambiakaCurrency Centro Cambiario, S.A. de C.V.	•	
21512	Mundi Dispersores, S.A. de C.V.		•
21513	Centro Cambiario Ok-Ok, S.A. de C.V.	•	
21514	Centro Cambiario Cinco y Diez, S.A. de C.V.	•	
21515	Centro Cambiario Sánchez Taboada, S.A. de C.V.	•	
21516	Centro Cambiario del Grullo, S.A. de C.V.	•	
21517	Abancom Centro Cambiario, S.A. de C.V.	•	
21518	Progress Centro Cambiario, S.A. de C.V.	•	
21519	Divisas El Real Centro Cambiario, S.A. de C.V.	•	
21520	Centro Cambiario Atenas, S.A. de C.V.	•	
21521	Administración e Intermediación Regional Centro Cambiario, S.A. de C.V.	•	
21522	Centro Cambiario Elite, S.A. de C.V.	•	
21523	Centro Cambiario Marrón, S.A. de C.V.	•	
21524	Centro Cambiario CV de Dólares, S.A. de C.V.	•	
21525	Centro Cambiario Ixtasal, S.A. de C.V.	•	
21526	Centro Cambiario Nueva Generación, S.A. de C.V.	•	
21527	Bali Centro Cambiario, S.A. de C.V.	•	
21528	Centro Cambiario A&G, S.A. de C.V.	•	
21529	Perfectos Centro Cambiario, S.A. de C.V.	•	
21530	Centro Cambiario Dolares Express, S.A. de C.V.	•	
21531	Centro Cambiario J&N, S.A. de C.V.	•	
21532	Centro Cambiario El Vecino, S.A. de C.V.	•	
21533	Divisas Guilago Centro Cambiario, S.A. de C.V.	•	
21534	ALG Centro Cambiario, S.A. de C.V.	•	
21535	Centro Cambiario Paukume, S.A. de C.V.	•	
21536	G Capital Centro Cambiario, S.A. de C.V.	•	
21537	Andrea Centro Cambiario, S.A. de C.V.	•	
21538	Centro Cambiario Industrial San Miguel, S.A. de C.V.	•	
21539	Centro Cambiario Merry, S.A. de C.V.	•	
21540	Centro Cambiario El Kaskita, S.A. de C.V.	•	

CURRENCY EXCHANGE OFFICES AND MONEY TRANSFER COMPANIES
REGISTERED BY THE CNBV IN 2012

Registry	Entity's name	Type of company *	
		CC	TDD
21541	Centro Cambiario Firem, S.A. de C.V.	•	
21542	Centro Cambiario Rossy, S.A.	•	
21543	Envíos Confianza, S.A. de C.V.		•
21544	Centro Cambiario Granjero, S.A. de C.V.	•	
21545	Anita Centro Cambiario, S.A. de C.V.	•	
21546	Baja California Sur Centro Cambiario, S.A. de C.V.	•	
21547	Centro Cambiario de la Zona Rosa, S.A. de C.V.	•	
21548	Compramos Dolares Centro Cambiario, S.A. de C.V.	•	
21549	Tipo de Cambio Centro Cambiario, S.A. de C.V.	•	
21550	Capital Dólar Centro Cambiario, S.A. de C.V.	•	
21551	Centro Cambiario La Central del Ronquillo LCR, S.A. de C.V.	•	
21552	Centro Cambiario Solumax, S.A. de C.V.	•	
21553	CC33 Centro Cambiario, S.A. de C.V.	•	
21554	Centro Cambiario Scarlett, S.A. de C.V.	•	
21555	Aguz Centro Cambiario, S.A. de C.V.	•	
21556	Gutiérrez Money Transfers, S.A. de C.V.		•
21557	Centro Cambiario Max Dinero, S.A. de C.V.	•	
21558	Monedas y Cambios California Centro Cambiario, S.A. de C.V.	•	
21559	Our Yes International, S.A. de C.V.		•
21560	Centro Cambiario Cholula, S.A. de C.V.	•	
21561	Centro Cambiario Constituyentes, S.A. de C.V.	•	
21562	Centro Cambiario RMZ London, S.A. de C.V.	•	
21563	Mafesa Centro Cambiario, S.A. de C.V.	•	
21564	Olimpus Centro Cambiario, S.A. de C.V.	•	
21565	Centro Cambiario Carbo, S.A. de C.V.	•	
21566	Centro Cambiario del KM 57 LBS, S.A. de C.V.	•	
21567	Centro Cambiario Tecate Comercial, S.A. de C.V.	•	
21568	El Poste Centro Cambiario, S.A. de C.V.	•	
21569	Money Hernández Centro Cambiario, S.A. de C.V.	•	
21570	Centro Cambiario Heras Cash, S.A. de C.V.	•	
21571	Centro Cambiario Interpaz, S.A. de C.V.	•	
21572	Centro Cambiario El Charko, S.A. de C.V.	•	
21573	Cambiare, Centro Cambiario, S.A. de C.V.	•	
21574	Medanos, Centro Cambiario, S.A. de C.V.	•	
21575	Servicios Jurely, Centro Cambiario, S.A. de C.V.	•	
21576	Supercambios San Joaquín Centro Cambiario, S.A. de C.V.	•	
21577	Centro Cambiario Dollar Extreme, S.A. de C.V.	•	
21578	Mi Divisa Centro Cambiario, S.A. de C.V.	•	
21579	Centro Cambiario Misión Reforma, S.A. de C.V.	•	
21580	Centro Cambiario del Puerto, S.A. de C.V.	•	
21581	PC Centro Cambiario, S.A. de C.V.	•	
21582	Caja de Moneda Internacional Centro Cambiario, S.A. de C.V.	•	
21583	Centro Cambiario Villa Paso del Norte, S.A. de C.V.	•	
21584	Centro Cambiario de Divisas Liverpool, S.A. de C.V.	•	
21585	Centro Cambiario Hanford, S.A. de C.V.	•	

CURRENCY EXCHANGE OFFICES AND MONEY TRANSFER COMPANIES
REGISTERED BY THE CNBV IN 2012

Registry	Entity's name	Type of company *	
		CC	TDD
21586	Centro Cambiario Tecuala, S.A. de C.V.	•	
21587	Marcela Centro Cambiario, S.A. de C.V.	•	
21588	Cocorit Centro Cambiario, S.A. de C.V.	•	
21589	Santa Teresita Centro Cambiario, S.A. de C.V.	•	
21590	EDZE Centro Cambiario, S.A. de C.V.	•	
21591	Centro Cambiario Vigil, S.A. de C.V.	•	
21592	Centro Cambiario JDD, S.A. de C.V.	•	
21593	TF Remittance, S.A. de C.V.		•
21594	American Cash de las Américas, S.A. de C.V.		•
21595	Yucatán Centro Cambiario, S.A. de C.V.	•	
21596	Centro Cambiario Multicambios Tecoman, S.A. de C.V.	•	
21597	Centro Cambiario Libertad, S.A. de C.V.	•	
21598	Centro Cambiario Astrocambios, S.A. de C.V.	•	
21599	Promocamb Centro Cambiario, S.A. de C.V.	•	
21600	Centro Cambiario Elías, S.A. de C.V.	•	
21601	Centro Cambiario Emmanuel, S.A. de C.V.	•	
21602	Centro Cambiario Billetes Verdes, S.A. de C.V.	•	
21603	Caruso Centro Cambiario, S.A. de C.V.	•	
21604	Centro Cambiario El Dólar del Paisano, S.A. de C.V.	•	
21605	Centro Cambiario La Casa del Dollar, S.A. de C.V.	•	
21606	Centro Cambiario Intercambios de Occidente, S.A. de C.V.	•	
21607	Centro Cambiario Integral, S.A. de C.V.	•	
21608	Servientregas Legaria, S.A. de C.V.		•
21609	Centro Cambiario Héroes, S.A. de C.V.	•	
21610	EZ Transfers, S.A. de C.V.		•
21611	Uniteller de México, S.A. de C.V.		•
21612	Centro Cambiario Control Cash, S.A. de C.V.	•	
21613	Cambalache Centro Cambiario, S.A. de C.V.	•	
21614	Centro Cambiario Sepúlveda Carba, S.A. de C.V.	•	
21615	Centro Cambiario Juany, S.A. de C.V.	•	
21616	Omfiver Centro Cambiario, S.A. de C.V.	•	
21617	Aveberre Centro Cambiario, S.A. de C.V.	•	
21618	Arpayan Centro Cambiario, S.A. de C.V.	•	
21619	Centro Cambiario Ciana, S.A.	•	
21620	Centro Cambiario Dólares Americanos del Centro, S.A. de C.V.	•	
21621	Salamanca Centro Cambiario, S.A. de C.V.	•	
21622	Centro Cambiario Nombie, S.A. de C.V.	•	
21623	Centro Cambiario El Corcel, S.A. de C.V.	•	
21624	Centro Cambiario Meritrade, S.A. de C.V.	•	
21625	Centro Cambiario La Generala, S.A. de C.V.	•	
21626	El Rubi Centro Cambiario, S.A. de C.V.	•	
21627	Centro Cambiario Kirenia, S.A. de C.V.	•	
21628	Moneygram México, S.A. de C.V.		•
21629	Transfer-ido, S.A. de C.V.		•
21630	Centro Cambiario Tecali, S.A. de C.V.	•	

Registry	Entity's name	Type of company *	
		CC	TDD
21631	CCYE Tu Confianza Centro Cambiario, S.A. de C.V.	•	
21632	GMT Envíos de Dinero, S.A. de C.V.		•
21633	Dólares Valle Centro Cambiario, S.A. de C.V.	•	
21634	Centro Cambiario Valeria, S.A. de C.V.	•	
21635	Remesamex, S.A. de C.V.		•
21636	Centro Cambiario Tatos, S.A. de C.V.	•	
21637	Centro Cambiario Talismán, S.A. de C.V.	•	
21638	Centro Cambiario Luval, S.A.	•	
21639	Centro Cambiario Evelyn, S.A. de C.V.	•	
21640	Centro Cambiario Magna Grecia, S.A. de C.V.	•	
21641	Peycash, S.A. de C.V.		•
21642	Servicio Postal Mexicano		•
21643	Centro Cambiario Mazatlán Zona Dorada, S.A. de C.V.	•	
21644	Centro Cambiario Aral, S.A.	•	
21645	Centro Cambiario Frontera Chica, S.A. de C.V.	•	
21646	Centro Cambiario Nicol, S.A. de C.V.	•	
21647	Golden Cambios Centro Cambiario, S.A. de C.V.	•	
21648	Centro Cambiario Divisaga, S.A. de C.V.	•	
21649	Cuatro Divisas JB Centro Cambiario, S.A. de C.V.	•	
21650	Centro Cambiario Marissa, S.A. de C.V.	•	
21651	Centro Cambiario Rango, S.A. de C.V.	•	
21652	Centro Cambiario Sophia, S.A. de C.V.	•	
21653	Suárez Centro Cambiario, S.A. de C.V.	•	
21654	Centro Cambiario Fersan 15, S.A. de C.V.	•	
21655	Centro Cambiario Cañaveral, S.A. de C.V.	•	

Note:
*/ CC: Currency exchange offices; TDD: Money transfer companies.

INVESTMENTS IN FINANCIAL ENTITIES

General aspects

During 2012, three capital investment operations in financial institutions were reported, two of them were national and one more established abroad.

Banco del Bajío

Temasek Holdings Private Limited (Singapore), company dedicated to made various types of

investments around the world, through Ion Investments, BV, was authorized to acquire 13% of the shares representative of Banco del Bajío's capital stock. This stock acquisition implied the retirement of Banco de Sabadell (Spain) as investor of Banco del Bajío.

Banca Mifel

International Finance Corporation (IFC), multilateral financial institution, was authorized to indirectly acquire, through Grupo Financiero Mifel, a share higher than 5% of the Banca Mifel's capital stock, investment representing USD 25 million,

approximately. At present, the IFC has shares in the capital stock from other Mexican financial institutions, in order to promote the economic development of productive private firms, especially in less developed areas.

Nacional Financiera

Nacional Financiera obtained authorization to increase its share in the capital of Corporación Andina de Fomento (international financial institution dedicated to support the sustainable development of the countries of the region, based in Venezuela of which Mexico is a member), for an amount up to USD 100 million. The goal of the investment is to support the private and public programs and projects financing, in national level, especially those linked to regional integration in Latin America.

OPERATIVE AND LEGAL ASPECTS

Operative models

Banking brokers

In 2012, the number of non-banking establishments was doubled, through which credit institutions can offer basic services. At the end of 2012, 665 brokers were authorized and qualified to offer banking services through 36,752 establishments of various line of business distributed across the country (some of these brokers and establishments had not yet started operations), wherewith financial inclusion in the country was promoted, by increasing and facilitating access to this services for the general population.

Investments and business consolidation

Several investment projects were materialized in order to consolidate business, expand markets and, in general, achieve a higher operative efficiency and profitability of the institutions.

CI Banco

To complement its offered products and services portfolio, with the purpose of generating a higher profitability in its operation, CI Banco obtained authorization to acquire the property of Finanzmadríd México, company focus on automotive financing whose coverage comprises a wide network of concessionaires.

Banamex

With the objective of making the credit card business more efficient and profitable, reducing the funding cost now associated with this business, Banamex was authorized to invest in a company which was previously part of Citigroup structure. This company is dedicated to made investments with financial instruments and operations of mutual financing with companies of this group; moreover, in its asset manage liquid resources which can be invested in diverse productive projects of Grupo Financiero Banamex.

Banco Monex

In order to integrate the business related to international transfers and payments system in which Banco Monex has penetrated abroad; investment in the Schneider Foreign Exchange's capital was authorized, entity based in London, England dedicated to perform monetary and currency operations since 2006.

Bolsa Mexicana de Valores

As a complement of its functions, the Mexican Stock Exchange (BMV, in Spanish) obtained authorization to invest indirectly through one of its subsidiaries, in a company whose goal is to offer services oriented to support and processing financial operations held over the counter, this activity will allow the institution to diversify its operation and increase its users database, within the applicable regulatory framework.

Capital investments

Besides mentioned operations, the following investments were authorized in the year:

CAPITAL INVESTMENTS AUTHORIZED BY CNBV IN 2012

Investing entity		Receiving entity	
Sector	Name	Name	Activity *
Commercial banking institutions	Sociedad Hipotecaria Federal	Metrofinanciera	SOFOM
	Bancomer	Solium México	Servicios
	Bancomer	Financiera Ayudamos	SOFOM
	Bajío	Financiera Bajío	SOFOM
	Multiva	Inmuebles Multiva	Inmobiliaria
	BBVA Bancomer	Fondo BBVA Bancomer RV4	SIRV
Brokerage firms	BBVA Bancomer	Fondos BBVA Bancomer Estructurados variables 3, 4, 5 y 6	SIRV

*/ SOFOM = Multi-purpose finance company; SIRV: Equity Mutual Funds

STATUTORY REFORMS AUTHORIZED BY THE CNBV IN 2012

Sector	Entity's name	Approval of corporate bylaws and amendments			
		Capital stock	Corporate purpose	Corporate name	Management
Commercial banking institutions	Banco Multiva	4			
	Banco Azteca	2			
	Banco Compartamos	1			1
	Banco Santander	1		1	
	Bansi	1			
	Banco J.P. Morgan	1			
	Banco Fácil			1	
	Consubanco	1			
	Banco Monex	1			
	American Express Bank				1
	American Express Bank Services				1
	Banco del Bajío	1			1
	ABC Capital	1			
	Banca Mifel	1			
	HSBC México	1	1		
	Banco Autofin México	3			
	BanCoppel	2			
	Bank of Tokyo-Mitsubishi	1			
	Banco WalMart de México Adelante	1			
	Banco Base		1		
Banco Actinver	1				
Brokerage firms	Ixe Casa de Bolsa			1	
	Protego Casa de Bolsa			1	
	HSBC				
	Casa de Bolsa	1			1
	Finamex	1			
	Kuspit		1		
	Punto	1			
Santander			1		
Operating companies of mutual funds	Operadora GBM	1			
	Operadora Agros		1		
	ING Investment			1	
	CI Administradora			1	
	Gestión Santander			1	
	SURA	1			
	Skandia	1			
Somoza Finamex Inversiones	1				
O'Rourke & Asociados	1				
Vector Fondos	2				
Mutual funds distributors	Mas Fondos	2			
Services enterprises	Servicios Laborales y Ejecutivos		1		
Total (54)		36	5	8	5



Popular savings and loan sector and credit unions sector

During the year, 97 applications of savings and loan cooperatives, popular financial companies, federations and hedge funds were attended, as well as 23 requests of credit unions, with the object to obtain approvals or authorizations (set forth in the Popular Savings and Loans law and the Law to Regulate Activities of Savings and Loan Cooperatives) to modify its corporate bylaws; to make transfers and acquisitions of shares of its capital stock; change its operations level and carry out additional, analogous or related operations for which they are authorized to perform, under the applicable regulations.

NEW ISSUANCES IN THE STOCK MARKET

Background

According to the Securities Market Law (LMV, in Spanish), it is indispensable that any claim or security is entered in the National Securities Registry (RNV, in Spanish) before being publicly offered or intermediated in the Mexican stock market. CNBV is responsible for the organization of such Registry and is the empowered authority for the registration of securities, as well as the updating, modification, note taking, suspension or cancellation of the carried out registrations. Moreover, in terms of the LMV, CNBV also has the power to authorize public offerings of securities and the public dissemination of the corresponding information through leaflets, supplements and notice placement.

In exercising these powers, in 2012 the CNBV granted the authorizations shown below, grouped by market segment and type of instrument to which the respective securities belong.

Capital markets

Stocks

During 2012, three new companies joined to the Securities market to obtain resources and/or in

order to shareholders liquidate their investment through primary and/or secondary offers of their capital stock between the investing public. Alpek, S.A.B de C.V made a primary public offering of subscription for approximately \$10,400 million pesos (MDP). For its part, Corporación Inmobiliaria Vesta, S.A.B de C.V and Crédito Real, S.A.B de C.V., SOFOM, ENR made mixed public offerings for almost \$3,800 mdp and \$2,500 mdp, respectively.

Also there were four subsequent public offerings of shares with international character (Grupo Financiero Santander México, S.A.B. de C.V.; Promotora y Operadora de Infraestructura, S.A.B. de C.V.; Mexichem, S.A.B. de C.V. and Alsea, S.A.B. de C.V.) for an approximate amount of \$54,700 mdp, of which 35% was placed in the Mexican market.

As a result of the corporate restructurings, there were nine takeover bids of shares (OPA, in Spanish), seven in order to cancel the registration in the RNV and delisting of the Mexican Stock Exchange (BMV, in Spanish) shares of Carso Infraestructura y Construcción, S.A.B. de C.V.; Grupo Azucarero México, S.A.B. de C.V.; Grupo Martí, S.A.B.; Teléfonos de México, S.A.B. de C.V.; Quálitas Compañía de Seguros, S.A.B. de C.V.; General de Seguros, S.A.B. and Reaseguradora Patria, S.A.B. In the last three cases, there were reciprocal purchase and subscription offerings in order to keep the shares representing the capital stock of Quálitas Compañía de Seguros, S.A.B and Peña Verde, S.A.B listed.

Finally, 32 companies issuing shares made updates to the registration of its securities in the RNV, mainly because of increases in their capital stock.

Development Capital Certificates (CKD)

In 2012, the public offering of five issuances of development capital certificates (CDK) was made for an approximate amount of \$5,800 mdp and nine more issuances were made for almost \$19,600 mdp. These nine issuances were focused on carrying out real estate investments (53%), infrastructure projects (4%) and private capital (43%).

Additionally, an update was carried out for the entry in the RNV for trust securities certificates

issued by Banco Nacional de México, S.A., Grupo Financiero Banamex, in its capacity as trustee of the trust constituted for PineBridge Investments de México, S. de R.L de C.V. in its capacity as trustor, for approximately \$100 mdp, as well as updating of the registry in the RNV of trust securities certificates identified with ticker symbol "MIFMXCK 09" for almost \$600 mdp.

Real estate trust certificates (FIBRA)

In 2012, registration of FUNO 11 trust securities certificates was updated due to resolutions adopted by the issuer trust's technical committee, which decide to acquire a real estate portfolio originally integrated by 24 properties and issue trust securities certificates in order to make an primary public offering of Real estate trust certificates' underwriting for an amount approximate of \$8,800 mdp (\$4,900 mdp in Mexico and \$3,900 mdp abroad).

On the other hand, in the trust from which Concentradora Fibra Hotelera Mexicana, S.A de C.V. is trustor (whose assets are mainly composed with the initial contribution, tenancy rights, contributed real estates, services incomes and resources derived from the issue) DEUTSCHE made a FIBRA's issuance for an amount close to \$4,100 mdp, as part of a simultaneous placement of international character. Likewise, in the irrevocable trust from which Macquarie México Real Estate Management, S.A is trustor (whose assets are mainly composed with the issuance resources, trust certificates issued by investment trust, real estate assets or any other investment in the trust), made a FIBRA's issuance for an approximate amount of \$14,700, also as part of a simultaneous placement of international character.

Optional bonds

The CNBV registered a total of 117 series of optional bonds during the year, for an approximate total of \$7,900 mdp.

Structured securities

As for issuances of structured securities, along the year the following transactions were performed:

- **Structured bank bonds.** BBVA Bancomer, S.A., IBM, Grupo Financiero BBVA Bancomer

(BANCOMER) registered in the RNV nineteen placements of structured bank bonds for a cumulative total of \$6,300 mdp, approximately.

- **Structured securities certificates.** Citi México Investment, S. de R.L. de C.V. performed ten issuances of structured securities certificates, without public offering, for an approximate total of \$5,100 mdp, with the irrevocable and unconditional guarantee of Citigroup Inc. For its part, BONYM, as issuer trustee, and Casa de Bolsa Finamex, S.A.B. de CV, as trustor in the trust (whose assets consisted mainly of debt instruments and rights on derivative financial operations) placed four issuances of short-term securities certificates for \$360 mdp, at an average term of 62 days. Likewise, SGFP México, S. de R.L. de C.V. placed an issuance of structured securities certificates, without public offering, for \$700 mdp and at a term of 2,939 days.

Debt market

Short-term securities certificates

With regard to these kinds of securities, there were 24 new provisional registrations in the RNV under the placement program mode, totaling \$48,500 mdp.

Medium and Long Term Securities Certificates

41 medium and long term securities certificates issuances were carried out by corporate companies and non-banking financial bodies, which were placed directly for a total of approximately \$64,400 mdp.

Bank stock certificates

As for the development banking institutions, during 2012 the Banco Nacional de Obras y Servicios Públicos, SNC, IBD (BANOBRAS); the Banco Nacional de Comercio Exterior, SNC, IBD (BANCOMEXT) and Nacional Financiera, SNC, IBD (NAFIN) issued, under protection of generic registrations, bank stock certificates for amounts of \$4,500, \$8,500 y \$4,000 mdp, respectively. Meanwhile, five commercial banking institutions placed bank stock certificates issuances.

ISSUANCES OF BANK STOCK CERTIFICATES
PLACED IN 2012

Commercial banking institution	No. of issuances	Total amount (million pesos)
BBVA Bancomer, S.A., IBM Grupo Financiero BBVA Bancomer	1	2,000
Banco Inbursa, S.A., IBM Grupo Financiero Inbursa	5	21,150
Banco Compartamos, S.A., IBM	2	3,500
Banco Interacciones, S.A., IBM Grupo Financiero Interacciones	1	1,200
Volkswagen Bank, S.A., IBM	1	1,000
Scotia Inverlat Casa de Bolsa S.A. de C.V. Grupo Financiero Scotiabank Inverlat	1	2,000
Total	11	30,850

Securities Certificates issued by States, Municipalities and State-Owned Entities

In the year, no issuance of direct municipal certificates was done and, regarding issuances by the States of the Republic, only the Free and Sovereign State of Veracruz de Ignacio de la Llave placed approximately \$4,860 mdp of such instruments. For its part, Petróleos Mexicanos obtained resources from the stock market for a total amount of \$25,000 mdp, through three issues of securities certificates, while Comisión Federal de Electricidad made two emissions for \$16,200 mdp.

Securitized

- **Securitization of mortgage loans.** The amount of the securitization operations of mortgage loans through trust securities certificates of 2012 was increased by approximately 10% regarding the previous year and, for the fourth consecutive year, the issuances were driven by Federal Government state-owned entities, as detailed below:

- Three issuances of trust securities certificates performed by NAFIN, for a total of \$9,970 mdp, in trust whose assets is integrated for loans assigned by the Institute of National Housing Fund for Workers (INFONAVIT, in Spanish).
- Four issuances placed by HSBC Mexico, SA, I.B.M., Grupo Financiero HSBC, in its capacity as issuer trustee for a total amount of about \$19,190 mdp, In the trust whose assets are integrated for the rights to collection of mortgage loans assigned by the Housing Fund of the Institute of Security and Social Services for State Workers (FOVISSSTE, in Spanish) in its capacity of trustor.
- **Securitization of receivables.** Six issuances of this nature were performed, by which trust security certificates were placed totaling approximately \$4,480 mdp, whose trusts were constituted with the receivables of the following trustors: Unifin Financiera, SAPI de C.V., SFOM, ENR; Leasing Operations de México, S. de R.L. de C.V.; Instituto del Fondo Nacional para el Consumo de los Trabajadores (INFO-

NACOT); Unirenta Arrendamientos, S.A. de C.V., and several subsidiaries of Corporación GEO, S.A.B de C.V.

- **Securitization of toll fees.** DEUTSCHE, in its capacity as issuer trustee, made two issuances for \$4,500 mdp, approximately, in the trust established by Consorcio del Mayab, S.A de C.V, as trustor, whose assets consist of the rights to collection arising from toll fees for the highway Kantunil-Cancún.
- **Securitization of other assets.** Fifteen securitizations were made for an approximate total amount of \$17,300 mdp, regarding several assets, such as receivables arising from: (a) leasing agreements, purchase of tickets and services under credit cards contracts; (b) payroll loans; (c) provision of services; and (d) fees for the service known as "Dinero Express".

Between these issuances of trust securities certificates, the one made for Evercore Casa de Bolsa, S.A de C.V highlighted, in its capacity as issuer trustee and Banco Santander (México), S.A., commercial banking institution, Grupo Financiero Santander, as trustor of the credit claims arising from the provisions made under the simple credit opening agreement, entered into between the trustor and the Federal Government and where the latter acts as the end recipient of the credit and the sole beneficiary of resources, whose total amount is \$2,500 mdp.

Obligations

Meanwhile, five commercial banking institutions placed issuances of obligations for a total amount of \$5,870 mdp.

ISSUANCES OF OBLIGATIONS PLACED IN 2012

Commercial banking institution	No. of issuances	Total amount (million pesos)
Banco Mercantil del Norte, S.A. de C.V.	1	3,200
Banca Afirme, S.A., I.B.M.	1	770
Banco Multiva, S.A., I.B.M. Grupo Financiero Multiva	1	1,000
Banco Interacciones, S.A., I.B.M. Grupo Financiero Interacciones.	1	700
Banco Ve por Más, S.A	1	200
Total	5	5,870

Other placements

During this period, issuances of certificates of deposit were carried out for a total of \$1,000 mdp and under generic entries, the Banco Centroamericano de Integración Económica placed an issuance for \$1,500 mdp in securities denominated Notes, while Corporación Integración Económica de Inversiones placed an issuance of securities certificates for \$800 mdp.

INTERNATIONAL AFFAIRS AND ECONOMIC STUDIES

INTRODUCTION

This section presents the main achievements obtained throughout the year with CNBV participation in different schemes of international cooperation on banking and financial regulation and supervision matters, such as global or regional multilateral organizations; specialized agencies on certain issues; bilateral technical assistance agreements and other information exchange and support mechanisms established with foreign financial authorities.

Moreover, the major projects carried out in CNBV related to economic investigation were pointed out. In this regard, the economic studies performed during the year not only helped to enrich the discussion on vanguard topics, but provided useful recommendations to guide the implementation of certain actions. Finally, the last section of this chapter shows advances achieved in 2012 on financial inclusion, this is, regarding promotion of greater access for the public to basic financial services.

PRESENCE OF THE CNBV IN MULTILATERAL ORGANIZATIONS

Basel Committee on Banking Supervision

The CNBV is an integral member of the Basel Committee on Banking Supervision (BCBS, <http://www.bis.org/bcbs>), the main multilateral forum in terms of standards issuance in banking matters, and governing body leading said Committee, Group of Governors and Heads of Supervision, GHOS. CNBV participates in both the working groups that design international guidelines on supervision and regulation issues of the banking sector, as in the bodies of the highest rank of the institution responsible for reviewing, approving and distributing the guidelines. In this regard, among the main achievements of 2012, the following are highlighted.

Standards related to Basel III

Although the BCBS issued the so-called Basel III Accord in late 2010, during 2012 the later continued to work on fine tuning and/or supplementing part of its contents. In this regard, CNBV helped to develop some documents, participated in various working groups and in decision-making regarding the definition of standards in the field. In this sense, the main issues studied and published were the following:

- Revision of Revised Liquidity Coverage Ratio, which was originally designed to promote a more resistant banking system in the short term. The reviewed version considers the eli-

gible assets as unencumbered high-quality liquid assets, HQLA and provides incentives so that the banks may maintain sufficient liquid assets and, thus, avoiding the intervention of central banks as last instance lenders.

- Answers to frequent questions on applicable standards to counterparty credit risk and exposures to central counterparties (Fourth FAQs on Basel III's counterparty credit risk and exposures to central counterparties), with the purpose of promoting a consistent implementation of worldwide capital charges.
- A Quantitative Impact Study (QIS) was carried out on Basel III implementation. The exercise was performed with information from 209 worldwide banks as of December, 2011 (Results of the Basel III monitoring exercise as of 31 December 2011, Quantitative impact study results published by the Basel Committee).
- Follow up to the issuance of regulations related to Basel III. In 2012 eleven jurisdictions, in which Mexico is involved, issued regulations on Basel III and other seven jurisdictions were about to do so (Implementation of the Basel III Framework).

Other standards

Although much of the work was focused around Basel III, the Basel Committee and its members, including CNBV, also achieved successful results in the analysis of other issues, excelling among these the standards definition to develop a regulation framework for domestic systemically important banks, D-SIBs; updating of the Fundamental Principles for Effective Banking Supervision starting from lectures derived from the international financial crisis; updating of standards on bank's internal auditing; establishment of transparency rules for disclosure of the banking capital composition; and issuance of principles for financial conglomerates supervision.

International Organization of Securities Commissions

The CNBV also a member of the International Organization of Securities Commissions (IOSCO, www.iosco.org), the most important multilateral organization in the field of stock market regulation and supervision, and their representatives involved in both working groups and in its govern-

ing bodies. In 2012, IOSCO developed multiple relevant projects highlighting the following:

- **Investor's protection:** Principles were issued to establish the requirements to distribute complex financial products to investors, and disclose to the market the information about securities public offers supported by underlying assets. In addition, recommendations were developed to strengthen the investor's protection, based on various countries regulations and industry practices (IOSCO published the document *Global Developments in Securitization Regulation*).
- **Transparency and integrity for the participants in the market.** Guidelines were prepared to strengthen the internal processes and controls of securities rating agencies, as to promote an appropriate management of conflicts of interest and assure the rating process integrity. Transparency recommendations were also published on over the counter (OTC) markets to mitigate the systemic risk and prevent abuses.
- **Financial Markets' Infrastructure Strengthening.** Principles were issued applicable to the financial markets infrastructures and information disclosure principles applicable to entities forming such infrastructures, as well as standards for payment systems with systemic importance, securities' central depositories, securities compensation systems, central counterparties and trade repositories.

Board for Financial Stability

Likewise, CNBV collaborates with the Financial Stability Board (FSB, <http://www.financialstabilityboard.org>), a body that coordinates internationally the work of national financial authorities and standards defining agencies, to promote the convergent financial policies implementation, in addition of being a forum that brings together all parties interested in the subject (central banks, financial regulators and supervisors, finances ministries, other authorities responsible of financial stability and international systemically important financial institutions).

In 2012, within the FSB's Regional Consultative Group for the Americas (RCGA), a new Work

Group was established on Cooperation and Information Exchange, with the purpose of analyzing the existing practices in the region and place recommendations on the subject. This group has the participation of 14 jurisdictions and appointed CNBV of Mexico to be Co-Chairman of the group, in parallel with the Monetary Authority of Caiman Islands. In addition to the above, the following actions considered of special relevance were performed during 2012 by FSB:

- Establishment of the legal entity identifier (LEI) global system in financial markets.
- Exercise to have greater elements to develop standards applicable to regulation and supervision of the so called shadow banking.
- Identification of mechanisms to reduce the current dependence of the financial sector participants over ratings of the securities rating agencies.
- Proposals for systemically important institutions at a global level to have resolution and rescue plans, as well as for the domestic resolution regimens to comply with the fundamental principles on the subject.
- Follow-up commitments on the subject of international cooperation, adherence to global standards and exchange of information.
- Issuance of FSB Principles for Sound Residential Mortgage Underwriting Practices.

Other organizations and multilateral forums

The CNBV not only works closely with multilateral agencies, but also actively participates in regional groups and forums specialized in relevant issues to fulfill its duties. In this regard, during the year, CNBV officers' participation was extended in regional and specialized instances, and in various working groups collaborating as experts.

Regional Multilateral Organizations

Regarding CNBV activities in these forums, it is worth highlighting the following activities and achievements:

- Assignment of CNBV as President of the Board of Directors of Banking Supervisors Association

for the Americas (ASBA, www.asbaweb.org).

- Participation in the workgroup Implementation of Basel III Liquidity Requirements in the Americas, whose purposes are to identify the best practices in liquidity risk management and formulate recommendations on standards implementation.
- Collaboration in the Risks Management Assessment and Definition of Minimum Capital group, whose core object is to homologate supervision practices of the region regarding risk management in the institutions.
- Participation in the group for Regulation and Supervision Best Practices of the Corporate Government, with the purpose of developing a proposal on best practices for that matter and develop guidelines on instrumentation for financial entities in the Americas.

Specialized multilateral agencies

As part of its strategy to strengthen supervision in the prevention of operations with resources of financial illicit origin and money laundering and terrorist financing (PLD/FT, in Spanish), the CNBV directed part of its efforts to strengthen ties of cooperation with authorities and agencies of foreign experts in the field. In this regard, CNBV participated in the plenary meetings that the Financial Action Task Force (GAFI, in Spanish) held during the year, as well as at meetings of some of its working groups on Standards Implementation Assessments and on Terrorist Financing and Money Laundering. Regionally, the CNBV also participated in the plenary sessions and workshops of the Financial Action Task Force of South America (GAFISUD, in Spanish).

In addition, the CNBV attended other events related to the prevention of money laundering and terrorist financing, as the Financial Integrity Group of the Alliance for Financial Inclusion Expert Group on MLP / FT (terrorist financing) of the Basel Committee. Meanwhile, meetings were held with various authorities of the United States of America related to the prevention and combat of money laundering and terrorist financing (Department of the Treasury, Criminal Investigation of the Internal Revenue Service, Office of Foreign Assets Control and Financial Crimes Enforcement Network, among others).

COOPERATION THROUGH BILATERAL MECHANISMS

Cooperation and coordination with foreign supervisors and regulators is a key activity for the CNBV, by recognizing that acting in integrated and interdependent markets poses significant challenges not only in their jurisdiction but also in the global, regional and bilateral levels. In this regard, during 2012 following activities highlighted:

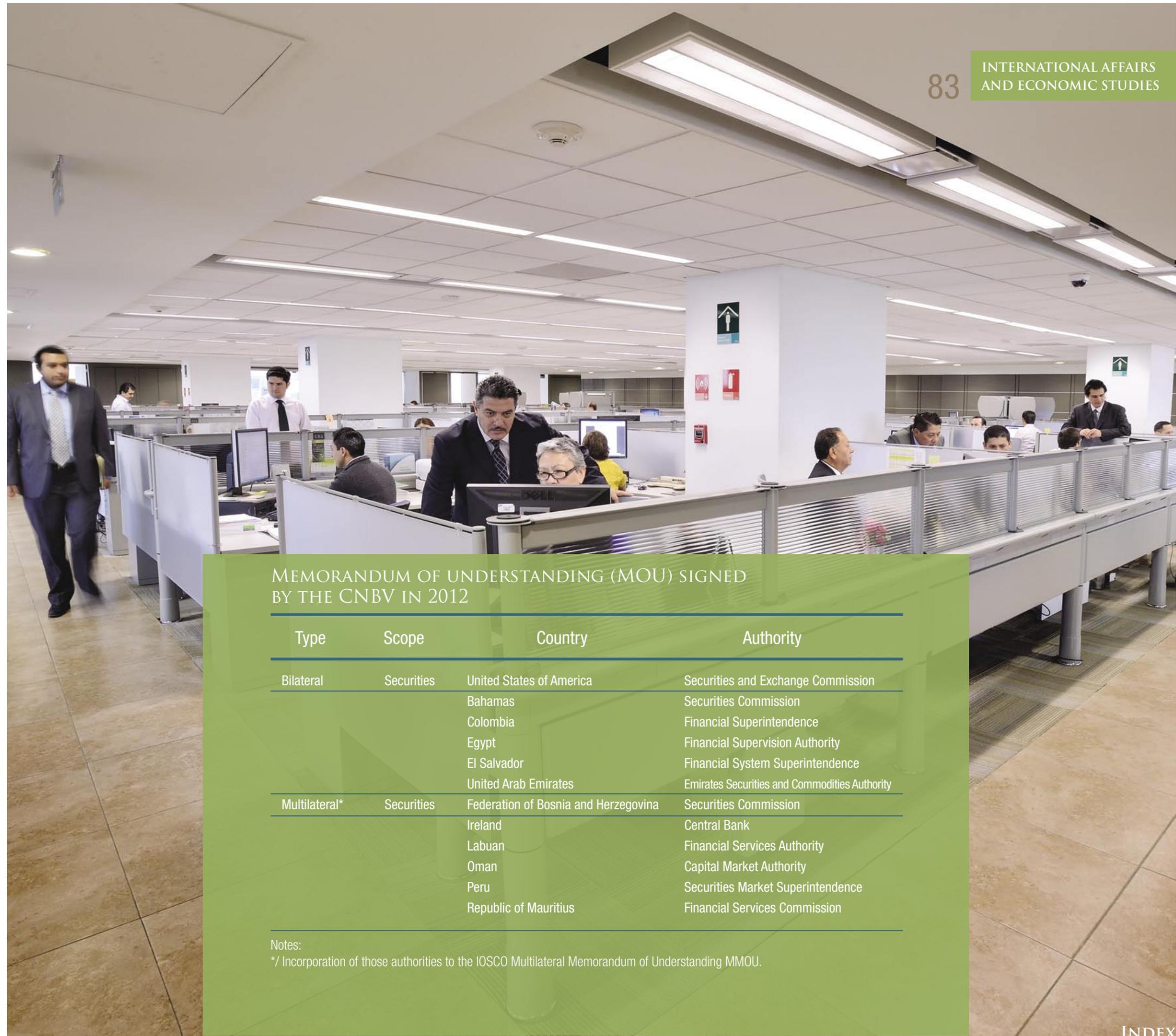
- Coordination of courses, seminars, workshops and conferences in collaboration with other authorities and specialized agencies, which covered aspects such as risk management and internal controls, corporate government, consolidated supervision, risk-based supervision, stock markets supervision, regulation of derivatives markets, banking crises management, micro-finance, financial institutions analysis and risk analysis (liquidity, credit and market).
- Enhancement on exchange of information between CNBV and multiple foreign counterpart financial authorities, which were needed to carry out authorization processes, licensing, supervision, analysis, investigation, misuse prevention of the financial system and protection of the users' rights.
- Technical assistance was provided to the authorities of the requesting countries, about various topics such as trends in regulation, banking supervision, financial inclusion and development of payment systems, among others.
- Cross-border inspection visits were conducted in coordination with the foreign competent financial authorities, to address specific concerns regarding supervision, regulation or international coordination.

- Participation in supervisory colleges and crisis management colleges with the supervisors with whom there is a guest or host authority relationship around global (cross-border) financial institutions operating in these jurisdictions. In some cases, specific confidentiality and cooperation agreements were executed to deal with issues related to such institutions.
- New cooperation efforts were initiated with supervisors of some Latin American countries to design and implement mechanisms for coordination with macro-prudential approach which allows to address the regional challenges regulatory differences, markets interrelation and common risks.

International cooperation agreements

The growing relations and interconnections between financial systems of different countries, in the present time, make essential to have direct tools of cooperation, information exchange and prudential coordination among supervisor and regulatory authorities of these financial systems. In this regard, a memorandum of understanding (MOU) is an appropriate platform for international cooperation, since such agreements are designed to reflect the responsibilities entrusted to each authority and at the same time, facilitate effective management of the requirements that arise.

Therefore, during 2012, CNBV entered various cooperation agreements with diverse foreign homologue authorities.



MEMORANDUM OF UNDERSTANDING (MOU) SIGNED BY THE CNBV IN 2012

Type	Scope	Country	Authority
Bilateral	Securities	United States of America	Securities and Exchange Commission
		Bahamas	Securities Commission
		Colombia	Financial Superintendence
		Egypt	Financial Supervision Authority
		El Salvador	Financial System Superintendence
		United Arab Emirates	Emirates Securities and Commodities Authority
Multilateral*	Securities	Federation of Bosnia and Herzegovina	Securities Commission
		Ireland	Central Bank
		Labuan	Financial Services Authority
		Oman	Capital Market Authority
		Peru	Securities Market Superintendence
		Republic of Mauritius	Financial Services Commission

Notes:

*/ Incorporation of those authorities to the IOSCO Multilateral Memorandum of Understanding MMOU.

INVESTIGATION AND ECONOMIC STUDIES

In 2012, the economic investigation continued to be consolidated on the Mexican financial system and other related to the CNBV mandate, by conducting studies that contribute to better understanding the system and to examine the impact of regulation on its participants. Throughout the year, this work provided solid analysis elements that enriched the debate on the topics of greatest interest to domestic and foreign financial authorities, the institutions participating in the Mexican financial sector and the academic community.

In particular, the following projects highlight:

- Publication of regulated entities in the Mexican financial system geo-referenced database in collaboration with Consortium on Financial Systems and Poverty (CFSP). The CFSP is based at the University of Chicago and brings together internationally renowned researchers who study financial systems around the world.
- Publication of a study on the market for mortgage-backed bonds (BRH, in Spanish) in order to define strategies for its reactivation. The survey gathers the opinions expressed by various market participants and raises some recommendations to encourage their growth.
- In collaboration with the Economic Commission for Latin America and the Caribbean (ECLAC), CNBV published the report from banks Survey about bank loans to micro, small and medium-sized enterprises. The report shows the main findings on the survey to banks about their credit granting practices and their perceptions on limitations for such granting.
- In conjunction with the Inter-American Development Bank (IDB), micro data and reporting of results from the National Survey of Competitiveness, Financing Sources and Use of Companies' Financial Services (ENAFIN, in Spanish) were released. The ENAFIN was built with support from the National Institute of Statistics and Geography (INEGI, in Spanish).

- The first volume of *Estudios Económicos CNBV* was presented, which included eight research works with varied methodological approaches, whose purpose is to generate a greater understanding of the Mexican financial system. The studies cover diverse topics of the banking sector (as the microeconomic perspective of banking in Mexico, the role of foreign banks and the impact of banking correspondents in the system); also analyze credit market aspects (such as financing micro-business and bank lending to companies) and discuss about other topics of interest (such as the impact of changes to the Securities Market Act and the liquidity risk of the mortgage limited purpose finance companies).

FINANCIAL INCLUSION

Background

During 2012, the CNBV had an intense activity regarding financial inclusion, to promote greater access to basic financial services to the population not currently served by the Mexican financial sector. In this regard, the CNBV was very active in the international arena in this area, by collaborating in various bodies specializing in this subject, with which they shared their experiences and knowledge. Also continued its efforts, in coordination with other national financial authorities to propose new measures of financial inclusion in the country and study public policy initiatives that promote the supply and use of financial services by the population, so as to ensure the stability and integrity of the new schemes of financial services; respecting the rights of the users; encouraging financial capacities and, in parallel, maintain stability, solvency and proper functioning of the financial system.

International initiatives on financial inclusion

World Association for Financial Inclusion of the Group of 20

During the presidency of Mexico in the Group of Twenty (G-20) in 2012, particular emphasis was

given to the issue of financial inclusion within this group. The CNBV, in coordination with the Ministry of Finance and Public Credit (SHCP), participated in various events and working groups, as well as in new international initiatives to promote greater access and use of financial services worldwide. In particular, the CNBV assumed a leadership role in terms of measurement and information generation initiatives. In this regard, the CNBV worked with the Global Partnership for Financial Inclusion (GPFI), which adopted some of the measurement initiatives proposed by the data for financial inclusion working group of the Alliance for Financial Inclusion (AFI), in which CNBV is member.

Alliance for Financial Inclusion

During 2012, CNBV maintained its collaboration with the Alliance for Financial Inclusion (AFI) in two ways: in the Directive Committee of the Alliance and through collaboration in three of the five working groups of such organization, which are the Financial Inclusion Data Working Groups (FIDWG); the Mobile Financial Services Working Group (MFSWG) and the Financial Integrity Working Group (FIWG). The working groups have allowed exchanging experiences among the different public policies makers who participate and discuss strategies, regulations and actions that may favor positive results achievement.

This has been reflected in the design of a more robust conceptual framework at the national level, which has become a frame of reference and has resulted in better practices that not only have begun to be implemented in the country, but have also served as an example in other international fields such as the GPFI. Thus, during 2012 many activities were carried out, pointing out the participation of the CNBV in the fourth Global Public Policy Forum organized by the AFI under the theme "Making real the financial inclusion". In that event, the public policy commitments aimed to strengthen financial inclusion that were adopted at the forum held in Mexico a year earlier, which was formalized through the Maya Declaration, were reaffirmed. Also noted the need to create a regional organization of AFI for Latin America and the Caribbean (in order to achieve a better representation of the region and a more accurate coordination of efforts to identify common challenges and opportunities regarding access to

financial services) and emphasized the importance of establishing more comprehensive coordination mechanisms between the different authorities from each country to develop public policies, to generate a regulatory environment conducive to developing financial inclusion.

Domestic activities on financial inclusion

During the year, CNBV maintained an intense activity on various aspects intended to foster the financial inclusion in the country. Particularly, focusing its efforts in favoring coordination around this subject and continue with its information spreading work. The main projects on this subject are discussed below:

National Council for Financial Inclusion

Throughout 2012 the CNBV continued its Executive Secretariat tasks of the National Financial Inclusion (CONAIF). In this regard, the Council met in two ordinary sessions to review progress, discuss challenges that need to be addressed and define the steps to follow in terms of the national strategy for financial inclusion. In addition, the CNBV also participated in meetings and projects coordinated by CONAIF's work groups and subgroups, with particular emphasis on development issues of business models (especially branchless banking), financial inclusion measurement (indicators and diagnosis) and consumer protection (needs detection and financial education).

In particular, work began to define a national policy of financial inclusion, considering that having a central document to guide the definition of specific measures and actions is crucial for effective coordination of efforts to develop high impact public policies. At the year's end, a first proposal was presented for review and discussion, which takes into account the progress made so far and poses major challenges ahead.

Measurements and studies publication

During 2012, the CNBV continued working to expand the dissemination of information and analysis

on financial inclusion as enriching the debate on the issue and providing relevant information about it are two of the major challenges that arise. In this regard, in the year the quarterly updating of the database of financial inclusion that has been produced since 2009 was continued and also conducted the following publications, which are expected to provide valuable elements for discussion and decision-making of the various parties interested in the field:

- **Fourth Financial Inclusion Report (RIF4).** The regular publication of this report, designed to raise awareness of the status of the financial inclusion in Mexico was continued. In this edition, the report was expanded to include contributions not only from the CNBV but the rest of national financial authorities which are members of the CONAIF. Thus, the report covers the four dimensions of financial inclusion definition adopted by Mexico (access to financial services, use of services, financial education and consumer protection) and presents a first assessment of the status of financial inclusion in the country (prepared by the Bank of Mexico), as well as incorporating, for the first time, statistical information on the micro-insurance sector, the system of retirement savings, electronic government payments, insurance of deposit in savings accounts, remittances and electronic transfers.
- **National Financial Inclusion Survey (ENIF, in Spanish).** A disclosure document on the design of the National Financial Inclusion Survey (ENIF 2012) was published, which describes both the experience gained and lessons learned in the design of the survey questionnaire. This project is conducted by CNBV in close coordination and direct collaboration with the National Institute of Statistics and Geography (INEGI, in Spanish), which was responsible for conducting the respective survey in the field. The ENIF 2012 will allow the financial authorities to have information on the use of financial services in the country from the point of view of users. In addition to the publication of the document referred to, throughout the year CNBV worked on the analysis of the results and preparation of documents for data dissemination.



LEGAL MANAGEMENT

INTRODUCTION

The legal management activities in CNBV are focused on ensuring adequate internal legal control by legal counsel, to ensure that acts of this authority are properly founded and motivated; issuance of legal opinions on financial offenses and to impose sanctions, to foster strict adherence to the applicable regulations; in representing CNBV in judicial or administrative proceedings in which it is engaged, to defend the legality of their actions; in making investigation visits to detect and/or prevent illegal activities of irregular deposit-taking from the public and, ultimately, taking care of the information and documentation requirements requested by the national judicial, treasury and/or administrative authorities to CNBV.

In this regard, the following summarizes the main tasks performed as part of the legal management of CNBV in 2012.

OFFENSES AND SANCTIONS

Imposition of Administrative Sanctions

During the period more than 495 official letters were issued to impose administrative sanctions on supervised financial institutions that infringed applicable regulations. In this regard, 9% of the sanctions were reprimands and the remaining 91% fines for a total aggregate amount at the end of 2012, higher than \$90 million pesos (mp). Highlighted facts include the following administrative sanctions and fines derived from them.

KEY ADMINISTRATIVE SANCTIONS PROCEDURES AND FINES PAID IN 2012

Entity	Reason	Fine (Million pesos)
Banco Monex, Institución de Banca Múltiple	Prevention of money laundering and terrorist financing	21.3 (not paid)
Vector, S.A. de C.V., Casa de Bolsa	Practices of sale	7.2 (already paid)
TOTAL		28.5

Offense opinions and attention to technical consults

CNBV serves as advisory body to the Federal Government on financial matters and in this sense, throughout the year, the Federation's Fiscal Attorney General Office, the Office of the Mexican Attorney-General, and other national authorities required technical and financial support on special crimes provided for under the legal framework. During the period, CNBV issued 292 legal opinions in support of penal actions, which allowed carrying out the relevant procedures against offenders of the Mexican financial system laws. It also provided evidence against alleged perpetrators of financial offenses, in response to various consults for information on financial support that were submitted by both prosecutors and some Federal Judges.

CONTENTIOUS AFFAIRS

Administrative Appeals and Trials of Nullity

During the year, 123 administrative appeals promoted by sanctioned entities were dealt with, 28 of which are still pending at the end of the year. The contested decisions were confirmed in almost all of the 96 decided cases by CNBV, 27 of them promoted in previous years.

On the other hand, 96 claims for trials of nullity were received, challenging some decisions issued by CNBV arguing essentially that the foundation and motivation was not adequate, that the amount of the fine is not properly individualized, that delinquent behavior is not properly

considered as statutory, or that such sanctioned infringement was not perpetrated. In this regard, in 2012 CNBV obtained 68 favorable rulings and nullity was declared in 22 cases, which represents approximately 75% of the resolved trials of nullity won in this period.

Amparo trials

Throughout the year, 2,131 injunctions were brought against the CNBV, of which 768 cases were completed in definitive form. The rest of the subpoena received are still pending, so that added to the trials not concluded in previous years, at the end of the year 2,256 *amparo* trials files were still active. Among the subjects that deal with the trials mentioned are the following:

- Seizures or forfeiture of accounts ordered by various authorities.
- Bank accounts information requirements.
- Inspection visits as a matter of investigation, suspension and/or liquidation of operations.
- Granting the right to a hearing.
- Mandatory acquisition bids.

Trials for Winding-up and Liquidation of the Entities

According to the General Law on Auxiliary Credit Organizations and Activities and the Credit Unions Law, CNBV has jurisdiction to request, before the judicial authority, the appointment of liquidators of the entities subject to these laws and/or to cancel their registration at the Public Registry of Commerce accordingly. In this regard, during the year, CNBV had twelve rulings favorable to its interests, by which it was ordered to cancel the registration at the Public Registry and/or appointing as liquidator the Asset Management and Disposition Agency (SAE, in Spanish) as liquidator for the financial institutions involved in such processes.

Labor lawsuits

During the year, 25 claims were received on this matter and a total of 281 labor lawsuits were followed in which the CNBV is a party. In 18 of them

CNBV plays the role of employer (could be the reinstatement and payment of wages, grant the usufruct of institutional medical service; granting of benefits contained in the General Conditions of Work; recognition of seniority and payment of the Non-union Workers Support Fund), whereas in the rest of the labor lawsuits CNBV plays the role of co-defendant (which requires an accounting report to be presented and therefore, without the risk of a contingent liability). From the totality of the followed cases, in 40 ended in acquittal and CNBV was absolved for all claims. At the end of 2012, 241 labor lawsuits are still pending.

Civil and Mercantile Trials

Throughout the year, CNBV was party to 51 civil and mercantile trials, two of which ended favorably for the later and the rest are pending. CNBV is the defendant in 31 lawsuits, in most of them is being sued for one of the following issues: a) damages; b) invalidity of contracts and/or clauses of contracts entered between one entity and one individual and finally, c) intervention to sanction the entities for granting non-feasible credits. In addition, CNBV participated as a third party summoned to trial in 20 judicial processes.

ATTENTION TO OTHER AUTHORITIES

During 2012, CNBV collaborated with the competent federal tax, judicial and administrative authorities, in order to support an efficient and convenient exercise to their powers. In this regard, the authorities presented to CNBV more than 124 thousand requirements on information and documentation, as well as orders of forfeiture and unlocking of accounts or availability of resources. As a consequence 4.4 million official letters were issued to the supervised financial institutions. At the end of the year, only 11% of the received requirements remained pending.

To optimize attention to the received requirements, diverse comprehensive action lines were implemented, taking on account all interested parties and outstand the following:



Automation

The following authorities were incorporated into the Authority Requirements Processing System (SIARA, in Spanish): the Ministry of Finance of the Government of the State of Chihuahua, Colima and Oaxaca; the Justice Attorney General's Office of Michoacán, Oaxaca and Querétaro; the Office of the Assistant Attorney-General for Regional Control, Federal Crimes and International Affairs; as well as the General Administration of Large Taxpayers of the Tax Administration Service. To promote a successful incorporation, training was offered to these authorities, in order to provide them with necessary elements to operate, technical-computer knowledge, business knowledge and better practices to make the requirements on a more efficient way. In the moment of their integration to the SIARA use, these authorities started to refer all their requirements on line, with which management costs were lowered and response times were reduced.

Coordination with the authorities

Meetings were conducted with some authorities for the purpose of establishing strategies to meet their requirements; which allow a more efficient process. The main identified problems were the inadequate conformation of requests,

the lack of appropriate dispatch criteria, as well as some deficiencies in the interpretation of financial information.

On the other hand, a satisfaction survey was undertaken in order to evaluate the benefits obtained with the use of SIARA and get the understanding of the user authorities about the attention paid to their requirements of forfeiture of accounts, information and/or documentation. The results of the survey show a rate of 9.15, this ranking is considered high in the authorities view about opportunity, term and utility of the resolution of their requirements.

Coordination with the supervised financial entities

Meetings were conducted with officers of the financial institutions attending the requirements from the relevant authorities; in order to revise pending issues, establish priorities for early solution and define strategies for proper response. In this regard, an indicator of compliance arose from supervised financial institutions to the sent requirements, which allowed to take timely decisions and define specific strategies, as support in recognizing disruptive situations or inappropriate behavior towards the attention to the requirements of the authorities through CNBV.

INTRODUCTION

This section presents the main work done by the administrative management throughout the year and describes the administrative activities that supported the performance of CNBV, as well as the challenges faced to ensure its operation and achievements in terms of compliance with the goals set at the beginning of the period. During 2012, the administrative areas faced up the challenge of promoting the efficient use of available resources and to ensure adequate internal operation in an austerity environment, while consolidating major projects concerning the personnel development, improvement of work environment and implementation of the corporate strategy.

PROCESS AND PROJECT MANAGEMENT

Processes Management

CNBV maintained its ISO-9001:2008 Standard certification for the quality management system, which includes the most important internal processes of the Institution.

Simultaneously, in this year, the architecture and guidelines for the new process model under the Business Process Analysis (BPA) methodology were defined. This methodology is the basis for the analysis, design, documentation, modeling and dissemination of those processes. On the other hand, regarding the implementation of Business Process Management (BPM) technology, a new institutional process was designed, allowing the improvement of productivity of fundamental areas.

Project Management

During 2012, CNBV continued to manage its institutional projects with the methodology of the Project Management Institute (PMI), which boosted appropriate execution of the strategy. In this regard, main challenges faced throughout this year were the updating of the project management methodology and the management tool, as well as the implementation of communication and education strategies for all concerned. The main performed actions are described below:

- The project management methodology was updated in order to integrate lessons learned about its use and application since its initial implementation in 2009. In this regards, the methodology was developed using processes and forms to ease its implementation and, with the purpose of facilitating its consultation, an electronic platform was used. Additionally, an on-line course about the project management methodology was developed and implemented, it is available to all officials and employees, to ensure its understanding.

- The project management tool was updated, which includes the portfolio management functionality. This will make easier for CNBV the alignment with the strategy and decision making on which initiatives have the greatest impact on such institutional strategy. Furthermore, new features and functions were added to achieve a higher level of automation of the process, as well as an appropriate exploitation of information to monitor activities and control development of current projects. Besides, this new tool will allow handling different project portfolios more easily, which can be adapted to the new features of individual strategies of diverse areas.
- The institutional strategy was promoted among the personnel, as well as its relationship with strategic projects, through the media called Institutional Strategy Communication Box. The dissemination material was developed around a series of messages about some key aspects of the projects, such as its goals, impact on the strategy, gained benefits and involved areas. Moreover, essential concepts were included within the methodology of project management used in the Commission.

INFORMATION TECHNOLOGIES

Background

During the year, computer goods and services, required by all CNBV's administrative units were updated and supplied. Specifically, the internal development of a variety of systems was completed in order to provide automated tools needed in the different areas, to support its activities. In this regard, the most outstanding projects are detailed below.

Development and Implementation of New Systems

A second version of web page for the Prevention of Money Laundering and Terrorist Financing has been finished. The new section of the web page is available for the intermediaries and allows the

not regulated multi-purpose finance companies (SOFOMENR), currency exchange offices (CC) and money transfer companies (TDD) to manage automated requests to generate an account called Single Account of the Inter-Institutional Information Transfer System for the Prevention of Money Laundering and the Terrorist Financing (SITI PLD/FT, in Spanish) through which such entities can send digitalized documents to CNBV and also allows them to track the registration process. Meanwhile, the internal module or SITI PLD/FT Web Administrator Module facilitates monitoring of requests, validation of the electronic documents received and, where applicable, the generation of the account and its activation.

The migration of the Inter-Institutional Information Transfer System (SITI, in Spanish) from the collection platform Version 1 to the new platform was completed; the new platform consists of two tools. In the first place, the SITI system Version 2, now called Inter-Institutional Information Transfer System for Regulatory Reports (SITI RP), whose purpose is to unify the delivery of regulatory reports for all supervised sectors. On the other hand, there is the called SITI PLD-FT, whose purpose is to collect information related to the prevention processes of illegal operations for all supervised sectors.

Likewise, the second stage of the project aimed to streamline the attention to requests of other authorities received by the CNBV has been finished by updating the Authority Requirements Processing System (SIARA) and, in particular, the implementation of the closure procedure of implied refusal in the various system modules was completed. Also the transfer tool of information for the attention of authorities called SITI_AA was concluded, which provides the means to notify financial institutions the requirements of information from the authorities and to receive corresponding responses. In this context, improvements were made to various system applications, which are used for querying, tracking requirements, manage the completion of the records and manage the system configuration.

On the other hand, the development of the computing tool for reception, scanning, recording and electronic turn of documents through the Single Filing Office of the CNBV (Institutional Manage-

ment System) (SGI, in Spanish) was completed in the third phase of the respective institutional project.

Finally, during 2012 the updating of the Supervised Entities' Registry (PES, in Spanish) was finished, which contains information about financial institutions that fall within the scope of the CNBV. With this system it is possible to consult, among other, the following data of the institutions: name, general data, administrative unit responsible for its supervision within the CNBV, belonging financial group structure (if applicable) and history of different situations and processes that it has passed through.

Infrastructure of communications, processing and storage

Technological standards were defined towards a 2015 vision. The aim is to sharpen CNBV communications, processing and data storage structure. To this regard, the definition of the strategy was finished. This strategy, in the field of servers, storage and backup solution must be implemented by the CNBV in a short term, in order to substitute the current equipment and the backup system without losing the security levels, availability and reliability provided at the present time.

In this sense, a first step was the update of the personal computer equipment, which offers a better mobility to all CNBV personnel. Additionally, with the new equipment, the physical space was optimized and there were savings of electric energy. Also, the infrastructure of the internal network of the Plaza Inn offices, the offices located at Legaria and in the alternative computer center in Monterrey was replaced.

HUMAN RESOURCES AND ORGANIZATIONAL CULTURE

Background

In adherence to the Manual of Human Resources and the Manual of the Civil Service System (SPC,

in Spanish), during 2012 there was special attention to the inclusion of priority issues such as gender equality, transparency and human rights. Also, the ways to provide training, were diversified by encouraging the assistance to workshops and lectures, as well as the use of remote learning media (e-learning). With this, it was possible to strengthen the coverage in personnel training in both technical aspects and personal development. At the same time, an appropriate training and certification program was implemented for public servers in command positions attached to the SPC. As a consequence, 98% of the personnel succeeded in passing their relevant specific technical capabilities exams.

Furthermore, actions were taken to address the areas to improve identified as priority according to the results of the work environment survey. Related to this, some specific programs were implemented, in order to deal with every level of the organization.

Organic Structure

In this year, CNBV faced new challenges that demanded adjustment to its organic structure. Due to this, about 3,500 new supervised subjects in the field of prevention of money laundering and terrorist financing are supervised and compelled to send information and documentation in accordance with the provisions of the General Law of Organizations and Auxiliary Credit Activities. To deal with the new responsibilities, the authorization was obtained from the Ministry of Finance and Public Credit (SHCP, in Spanish) to increase the CNBV's workforce and organic structure. In the same way, in order to meet the demands set by the growth of the popular savings and loan cooperatives sector, the Directorate General of Savings and Loan Cooperatives Supervision B was created. However, in the process eight chief job positions were canceled to fulfill the National Plan of Public Spending Cuts 2012.

On the other hand, in pursuance of sustainability in the development of CNBV functions, work has been done to constitute and implement a unified technological platform for the human

resources management. The new platform allowed the modernization, systematization and automation of all human resources management processes. With this, CNBV could catch up with the forefront in the fields of organizational and administrative procedures, according to the evolution of institutions in the Mexican financial system.

Professional Training

The most significant advance in this area was the start of the personnel's career plans with the relevant update twice a year. Also, the permanent inclusion of new career plans for public servants that changed job position and for those who were recently hired. Both, career plans and updates constituted a detonating factor for the design of training programs and personal development suitable for the CNBV specific needs, and for the objective definition of priorities to implement such programs.

Additionally, a mechanism of mobility for public servants in command positions was designed, to recognize the actions of development, training, performance evaluation and certification during their career path. This, through a valuation scale giving points for every development action, so that the promotions due to lateral moves or direct designations are given to the public servants with the highest scores. In 2012, a total of 212 public servants in command positions obtained benefit with this mechanism.

In this context, the most important achievements were:

- Train almost 100% of the officials, since most of the personnel attended at least to two courses during the year.
- Achieve greater support from the counterpart supervisor agencies from other countries to increase the number of courses taught in Mexico by foreign authorities, most of them on issues relevant to the areas of supervision.
- Improve the courses' use with satisfactory results for the personnel, upon having increased the linkage between these courses and the personnel functions.



- Consolidate the technical and transversal skills of the personnel subjected to SPC, through their participation in the teaching-learning activities and to have fulfilled the 40 hours training goal per year per person.
- Strengthen transversal skills of the operational and secretarial personnel, by designing specific programs to promote both the adaptation to new institutional culture and the adoption of values and behaviors necessary to meet the profiles.
- Align the content of materials from the library and newspaper library on topics of interest to CNBV and to the institutional projects, as well as to achieve that CNBV's Library could obtain a leadership recognition as a Specialized Library, due to the composition of its collection and permanent applications for use through interlibrary agreements with institutions such as the National Autonomous University of Mexico (UNAM, in Spanish), National Polytechnic Institute (IPN, in Spanish), the Metropolitan Autonomous University (UAM, in Spanish) and the National Insurance and Surety Commission (CNSF, in Spanish), among others.

Institutional Culture

During 2012, the Institutional Culture Program continued to be strengthened through the promotion of knowledge and practice of expected behaviors from public servants, which must be consistent with two lines of work. The first one, established for all Federal Government agencies, consists of five managerial capacities: leadership, negotiation, results orientation, teamwork and strategic vision. The second defined internally by CNBV and aimed to develop the personnel's transversal skills in accordance with the Meta-management approach, which includes six items: unconditional responsibility, essential integrity, humility and learning, emotional competence and intelligence, effective communication and impeccable coordination of actions.

Along with this, the efforts to improve the working environment in CNBV have been continued. Regarding to this, with the measurement of 2012

Work Environment, it was possible to be rewarded with the Great Place to Work Institute (GPTW) México certification, by reaching a 77% global rating. CNBV succeeded in the improvement of every dimension measured by the survey compared with the results in 2011, and average of 5% was increased. It is worth to mention that CNBV won the 8° place in a national scale of the best government institutions to work.

In this sense, the consolidation of this progress is strengthened by continuing action programs that were started earlier and described below:

- **Change management.** Awareness program for personnel on institutional culture relevance, which this year was reinforced with delivery of lectures and workshops for public servants as well as encouraging participation in a scheme of attitude and behavior learning through the called study groups (groups of public servants at different hierarchical levels who meet regularly to share knowledge, experiences and reflections on the subject).
- **Opportunity Areas Diagnosis.** Program to identify areas of opportunity and guide institutional efforts to bridge the gaps between actual and expected behavior. This year was supplemented from the results obtained from the survey on work environment applied by the GPTW, which showed the general improvement areas for the institution as a whole and specific to each administrative unit.
- **Reinforcement of communications skills and feedback.** Specific program to reinforce the skills of all staff in high and medium command positions in the evaluation of performance and the monitoring of personal goals every trimester. It was implemented due to the diagnosis of GPTW. This program is focused on the creation of awareness of attendees, and in the detection of agents that optimize a good communication-feedback between executives and coworkers. The results were positive, which reflects in the results of the internal survey. However, it is essential to continue with these taken efforts in order to keep improving the work environment in an institutional level.

MATERIAL AND FINANCIAL RESOURCES

Background

Management, registry and report of the resources available in CNBV is always done in strict accordance with the regulations in the field applicable to agencies and entities of the federal public administration, and during this year, it was also performed by adhering strictly to the austerity provisions imposed by the Federal Executive. In addition, the budgetary resources allocated for CNBV's operation are managed efficiently, responsibly and transparently, to ensure the CNBV's proper operation and compliance with the tasks assigned. This section discusses some relevant aspects on this subject.

Material Resources

As mentioned, contracting and procurement of goods and services being performed are agreed, paid and controlled in accordance with the regulations in force for the federal public administration. In particular, this year several contracts of goods and services were made under the purchase program implemented by the Federal Government to support micro, small and medium enterprises (MSMEs), which amounted to 33% of all procurements made by CNBV in the year 2012.

Financial Resources

In terms of revenue, during the year, the financial entities integrating the purview of the CNBV complied with the obligations under the Federal Duties Law and covering the fees to be paid as compensation for the services they receive. These resources were collected to the Federal Treasury. As they were collected, the SHCP assigned them to this Institution to finance its operation, always according to the budget approved by the Board of Governors.

As for expenditures, 69% of the resources were allocated to the personal services category, which includes wages and salaries for officials and employees of the CNBV's as well as other expenses related to payroll. The remaining 31% was assigned to operating expenses category. In this respect, major expenditures were associated with medical services, which accounted for 29% of operating costs; improvement of computing infrastructure and platform with 24% of those expenses; the travel and per diem expenses, national and international, representing 9%; and finally, maintenance of buildings constituted 8%.

The budget authorized by the Ministry of Finance and Public Credit (SHCP, in Spanish) amounted to \$1,427.2 million pesos at the end of the fiscal year.



BUDGET EXECUTION AS OF DECEMBER 31, 2012 (MILLION PESOS)

Chapter	Budget Modified-Executed
Personal services	\$ 977.4
Materials and supplies	9.5
General services	437.5
Transfers	2.8
Operating expenses	\$ 449.8
Total	\$ 1,427.2

ANNEX A. INSPECTIONS VISITS CARRIED OUT

Type of visit *

Sector	Type of visit *				Total
	Regular	Special	Investigation	Authorization	
Development banking and Promotion entities	12	-	-	-	12
Commercial banking	32	23	12	2	69
Securities rating agencies	4	1	-	-	5
Brokerage firms	21	2	3	2	28
Currency exchange offices and Money transfer companies	-	-	8	-	8
Popular savings and loans entities and Integration organisms	19	1	32	18	70
Financial groups	5	-	-	-	5
Representative offices	26	-	-	-	26
Auxiliary credit organizations (b)**/ and Currency exchange offices	12	2	1	-	15
Others	-	-	10	-	10
Participants of the Derivatives and Securities market (c)	20	5	-	-	25
Multi-purpose finance companies, not regulated entities	8	1	10	-	19
Credit Bureaus	3	-	-	-	3
Mutual funds	3	4	2	-	9
Limited purpose finance companies	5	1	-	-	6
Multi-purpose finance company	9	3	-	-	12
Popular financial companies	23	-	1	6	30
Credit unions	40	5	1	-	46
Total	242	48	80	28	398

Notes:

- (a) Regular visits: Those that are carried out in compliance with the Annual program prepared by the CNBV in terms of the applicable legal ordinances and its Internal Regulations. Special visits: Those that are not included in the annual program of Inspection visits and that the CNBV can carry out on any assumption indicated in the Article 8 of the Regulations. Investigation visits: Those that are carried out when the CNBV has evidence from which the carrying out of any conduct, that allegedly infringes governing laws of supervised entities or individuals and others applicable provisions, may arise. Authorization visits: Those that are carried out in order to verify aspects regarding the operation of entities in the initial stage of operations.
- (b) Bonded warehouses, financial leasing companies and financial factoring companies
- (c) Stock exchanges, options and futures exchanges, depository institutions, price providers, companies managing systems to facilitate operations with securities, operators of exchange-traded options and futures market, liquidating members of exchange-traded options and futures market and makers of exchange-traded options and futures market.

ANNEXES

ANNEX B. REGULATIONS ISSUED

Issuance of resolutions amending the general provisions applicable to entities and sectors supervised by CNBV

CREDIT INSTITUTIONS

No.	Issuance Date	Publication in the Official Gazette of the Federation	Object
1	June 14, 2012	June 19, 2012	Incorporate in the credit institutions net capital decision, investments maintain by these in the capital of development multilateral organisms.
2	June 27, 2012	July 05, 2012	Update the accounting criteria applicable to the credit institutions, relating to trust registration and entities consolidation with specific purpose.
3	October 09, 2012	October 23, 2012	Establish a procedure to allow credit institutions offset receivables and pay ables that are with the same counterparty in derivative transactions in determining the limit on holding such institutions in financing transactions with individuals representing a common risk.
4	November 27, 2012	November 28, 2012	Strengthen the credit institutions net capital composition in accordance with the guidelines established by the Capital Accord issued by the Basel Committee on Banking Supervision (Basel III).
5	December 04, 2012	December 13, 2012	Expand the original time limit for credit institutions to include sale point terminals, allowing data encryption according to the provisions in electronic banking subject, until December 31, 2013.

BROKERAGE FIRMS

No.	Issuance Date	Publication in the Official Gazette of the Federation	Object
1	February 09, 2012	February 16, 2012	Inform brokerage firms that they may carry out stock conveyance related to the settlement at maturity of futures and options contracts on stock, over the counter and anticipate the requirements that they must verify for that, as well as a disclosure obligation for these purposes.
2	February 28, 2012	March 23, 2012	Update the accounting criteria as well as the regulatory reports applicable to the brokerage firms.
3	November 28, 2012	December 17, 2012	Revoke the general Provisions applicable to brokerage firms, the standards which content was incorporated in the general Provisions applicable to the brokerage firms and credit institutions in the matter of investment services.

BROKERAGE FIRMS AND CREDIT INSTITUTIONS

No.	Issuance Date	Publication in the Official Gazette of the Federation	Object
1	November 16, 2012	November 28, 2012	<p>General Provisions applicable to the international quotations system were reformed with the purpose of:</p> <ul style="list-style-type: none"> Restricting direct recognition of securities issued in every country being part of the European Union, for its listing in the international quotations system (IQS). Including prohibition for the credit institutions and brokerage firms acting as sponsoring financial companies, of receiving payments, commissions, fees or considerations from any issuer to obtain their securities listing in the IQS, or obtaining them from said issuers, sponsoring financial companies or people related to one or the other, for securities sale and distribution listed in the IQS. Expressly indicating those securities that will not be object of recognition for effects of the listing in IQS, since they represent high risks for the investing public. Establishing as general rule that foreign securities may be listed in the IQS when these have been 100 percent placed abroad, by means of public offering and provided that such issuance have a maturity of at least three months of being placed. Establishing the obligation for the stock exchanges of including a special section in the IQS listings, to list those structured securities issued abroad intending to be quoted by said system.
2	November 23, 2012	November 28, 2012	Issuing general character the Provisions applicable to brokerage firms and credit institutions in the matter of investment services.

MUTUAL FUNDS AND INDIVIDUALS RENDERING SERVICES FOR THEM

No.	Issuance Date	Publication in the Official Gazette of the Federation	Object
1	February 21, 2012	March 16, 2012	Updating the accounting criteria applicable to mutual funds, operating companies of mutual funds and mutual funds distributors.

SECURITIES RATING AGENCIES

No.	Issuance Date	Publication in the Official Gazette of the Federation	Object
1	February 09, 2012	February 17, 2012	Update entirely regulation framework applicable to the securities rating agencies, issuing some new general Provisions applicable to securities rating agencies.

SECURITIES ISSUERS AND OTHER STOCK MARKET PARTICIPANTS

No.	Issuance Date	Publication in the Official Gazette of the Federation	Object
1	February 09, 2012	February 16, 2012	Establishing the obligation for issuers to inform the securities rating institutions any qualification requested or obtained from other securities rating institutions by any cause, as well as disclosing it to the market as a relevant event after they have become of their knowledge.
2	September 26, 2012	October 12, 2012	<ul style="list-style-type: none"> Performing precisions in the legends that should appear at the bottom of the placement prospect or informative supplement of the issuers, as well as of the annual report. Modify the deadline for issuers of securities issued under a memorandum submitted the testimonial to CNBV duly recorded in the Public Registry of Property, that this obligation shall be met no later than the day of the issuance date. Establishing that the federal entities and municipalities, in their character of issuers, are bound to submit a document including the differences among the accounting standards used and issued by the National Council for Accounting Harmonization, and the Financial Information International Standards according to which the rest of the issuers shall prepare and submit their financial information. In the case of issuers requesting for the preventive registration of debt securities under the placement program mode, specifying who must update the relevant prospectus, if one year has elapsed from the publication thereof, or from the date of the last update, carrying out a new issuance under the program and those issuers were exempted from that obligation, when they are to date in submitting the information to the market. Deleting the minimum number of shareholders or common share certificate holders that shall certify the stock exchange corporation and the corporations promoting equity investment to maintain their listing on the stock exchanges. Incorporating some applicable standards to foreign issuers as administrative facility. Adding the option for third parties related to the issuers to prepare their financial statements based on the Financial Information Standards recognized and issued by the Mexican Council for Financial Information Standards, or, Financial Information International Standards. Establishing that the issuers' external auditors should accompany a statement granting their agreement to incorporate the ruling previously issued on the financial statements of the issuer on the placement prospect, the informative supplement and the annual report.

AUXILIARY CREDIT ORGANIZATIONS, CURRENCY EXCHANGE OFFICES, UNRELATED LIMITED PURPOSE FINANCE COMPANIES AND REGULATED MULTI-PURPOSE FINANCE COMPANIES

No.	Issuance Date	Publication in the Official Gazette of the Federation	Object
1	January 06, 2012	February 03, 2012	Update accounting criteria applicable to auxiliary credit organizations, currency exchange offices, unrelated limited purpose finance companies and regulated multi-purpose finance companies.
2	June 14, 2012	June 27, 2012	Perform clarifications to the contents of Articles 70 and 72, in order to endow legal certainty to auxiliary credit organizations, currency exchange offices, unrelated limited purpose finance companies and regulated multi-purpose finance companies in respect of references made in that Article.

POPULAR SAVINGS AND LOANS SECTOR

No.	Issuance Date	Publication in the Official Gazette of the Federation	Object
1	May 09, 2012	June 04, 2012	Establish a single regulatory body to govern exclusively the savings and loan cooperatives sector, based on their legal nature.
2	December 07, 2012	December 18, 2012	Endowing of legal certainty the community financial companies and rural finance integration organisms, regarding the regulatory framework applicable to them.

ALL ENTITIES SUBJECT TO SUPERVISION BY CNBV

No.	Issuance Date	Publication in the Official Gazette of the Federation	Object
1	November 28, 2012	December 14, 2012	Inform CNBV's vacation period through the Agreement by which the vacation period is communicated to the National Banking and Securities Commission and report that: the period shall include from December 20, 2012 to January 4, 2013, inclusive; such days shall be considered as non-working days for purposes of proceedings or actions of the procedures that must be dealt with or handled in CNBV, and that works will resume on Monday, January 7, 2013.
2	November 23, 2012	December 17, 2012	Inform the 2013 Financial Calendar to all entities subject to supervision by CNBV, through the issuance of the general Provisions that indicate the days of 2013, when financial institutions subject to supervision by the National Banking and Securities Commission, will close their doors and cease operations.

CNBV INTERNAL REGULATIONS

No.	Issuance Date	Publication in the Official Gazette of the Federation	Object
1	April 27, 2012	May 08, 2012	Modify the Agreement by which the President of the National Banking and Securities Commission delegate authorities to the Vice Presidents, General Directors and Assistant General Directors of the same Commission, in order to be consistent with the reforms to the National Banking and Securities Commission Internal Regulations, published in the Official Gazette of the Federation on April 23, 2012.
2	April 27, 2012	May 08, 2012	Modify the Agreement by which the administrative units are organically ascribed to National Banking and Securities Commission, in order to be according to the reforms to the National Banking and Securities Commission Internal Regulations, published in the Official Gazette of the Federation on April 23, 2012.
3	April 27, 2012	May 08, 2012	Modify the Agreement by which the Board of Governors of the National Banking and Securities Commission delegate to the President, Legal Vice-President, General Director of Crimes and Sanctions and Assistant General Directors of Sanctions A and B, of the Commission, the authority to impose administrative sanctions, in order to expressly establish the subject to which the CNBV public servants will be able to impose sanctions to transgressions to the laws relating to the Mexican financial system or the provisions derived thereof.
4	June 19, 2012	July 04, 2012	Modify the Agreement by which the President of the National Banking and Securities Commission delegate authorities to the Vice-Presidents, General Directors and Assistant General Directors of the Commission, with the object to perform some precisions in the authorities of CNBV's certain administrative units.
5	June 19, 2012	July 05, 2012	Modifying the Agreement by which the administrative units of the National Banking and Securities Commission are organically ascribed, with the purpose of modifying the denomination of a CNBV's administrative unit.
6	December 05, 2012	December 13, 2012	Modify the Agreement by which the President of the National Banking and Securities Commission delegate authorities to the Vice-Presidents, General Directors and Assistant General Directors of the Commission, in order to be consistent with the reforms to the National Banking and Securities Commission Internal Regulations, published in the Official Gazette of the Federation on November 30, 2012.
7	December 05, 2012	December 13, 2012	Modify the Agreement by which the administrative units are organically ascribed to National Banking and Securities Commission, in order to be consistent with the reforms to the National Banking and Securities Commission Internal Regulations, published in the Official Gazette of the Federation on November 30, 2012.

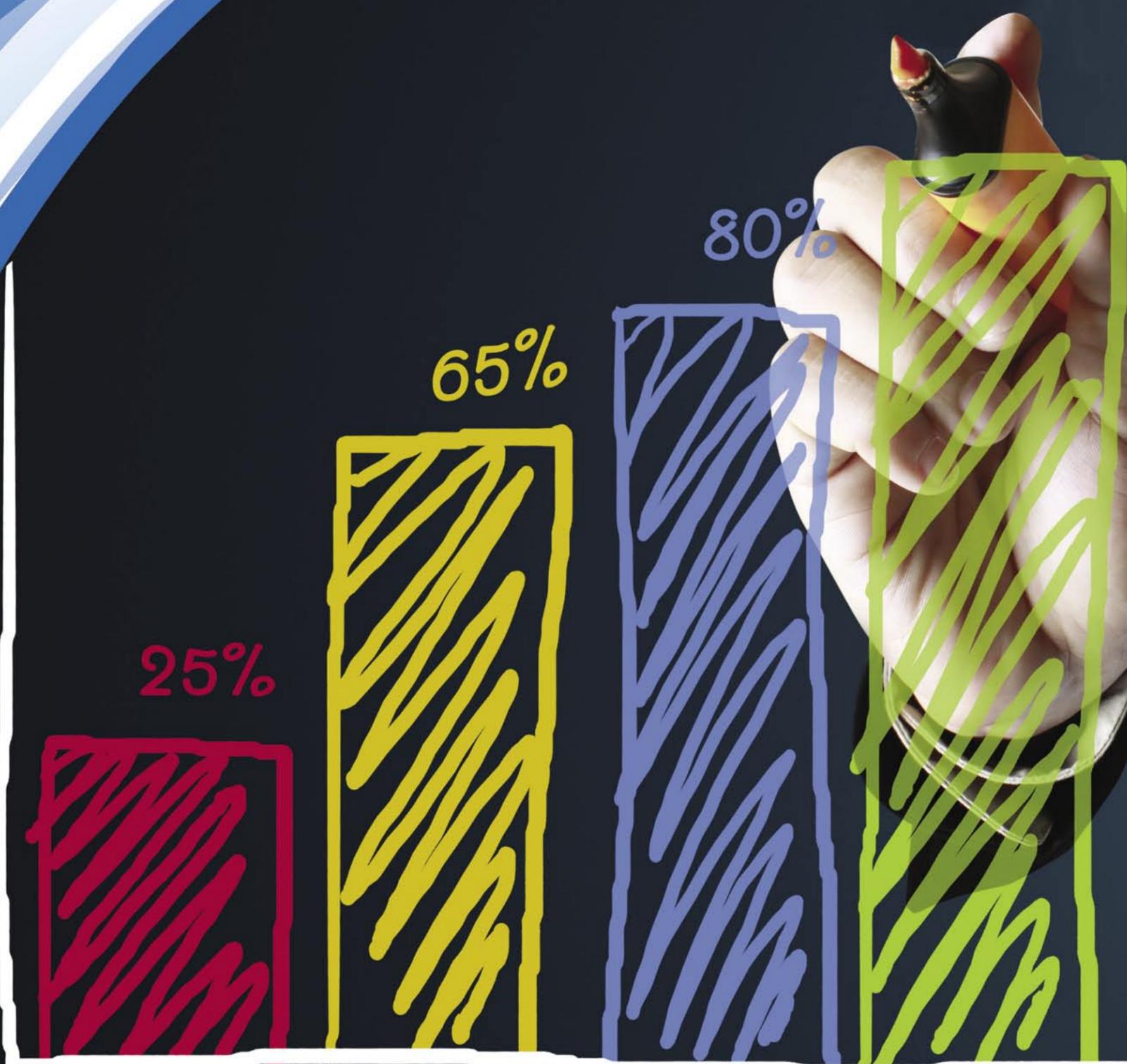
ANNEX C. REVOCATIONS ISSUED

No.	Sector	Revoked entities
1	Brokerage firms	BullTick Casa de Bolsa, S.A. de C.V.
2	Savings and loan cooperatives	Caja Crescencio A. Cruz S.C. de A.P. de R.L. de C.V. *
3		Franklin Templeton Strategic Dynamic Usd Fund, S.A. de C.V. Equity Mutual Fund
4	Mutual funds	Franklin European Small Mid Cap Growth Fund, S.A. de C.V. Equity Mutual Fund
5		Agrosid, S.A. de C.V., Capital mutual funds
6		Criteria Multimercados, S.A. de C.V.
7		Unión de Crédito Ganadera e Industrial de Nayarit, S.A. de C.V
8		Unión de Crédito Mixta de Zapotlanejo, S.A. de C.V.
9		Invecorp 3f, S.A. de C.V.
10	Credit unions	Unión de Crédito de la Industria de la Construcción de Chihuahua, S.A. de C.V.
11		Unión de Crédito Comercial y de Servicios Turísticos de Quintana Roo, S.A. de C.V.
12		Unión de Crédito para la Mujer Empresaria, S.A. de C.V.

Notes:

*/ This company brought an action of review against the revocation.

ANNEX D. SANCTIONS IMPOSED AND FINES PAID



Sanctioned entities		Fines (pesos)		
	Sector	No.	Imposed	Paid *
A	Bonded warehouses	15	9'662,975	2'368,176
B	Financial leasing companies	3	321,269	62,098
C	Brokerage firms	35	18'722,833	9'827,240
D	Currency exchange offices	7	2'687,721	145,192
E	Issuers	8	213,780	19,468
F	Federations of Popular Savings and loans Entities	12	5'088,142	452,274
G	Banking Real Estate Companies	NA	NA	NA
H	Development banking institutions and Promotion entities	4	333,730	35,588
I	Commercial Banking Institutions	30	31'481,895	383'999,195
J	Representative Offices of Foreign Financial Institutions	7	418,482	329,016
K	Natural persons	11	1'660,895	48,670
L	Legal entities and Natural persons (shareholders)	NA	NA	NA
M	Services providers (mutual funds)	23	2'367,609	534,082
N	Holding Companies of Financial Groups	3	1'080,432	1'185,510
O	Savings and loan cooperatives	20	4'171,206	1'024,603
P	Financial factoring companies	2	118,839	5,057
Q	Limited purpose finance companies	17	4'926,679	1'883,877
R	Multi-purpose finance companies	9	3'447,355	308,634
S	Popular financial companies	9	1'152,980	186,693
T	Credit Bureaus	1	58,404	46,723
U	Ancillary Services Companies or Related to Banks	1	72,664	58,131
V	Credit unions	18	1'667,215	709,030
W	Price providers	2	496,814	389,360
Total		237	90'151,925	403'618,624

NOTES:
 */ It includes fines paid during 2012 that were imposed during the previous years.
 NA= Not applicable.



SHCP

SECRETARÍA DE HACIENDA
Y CRÉDITO PÚBLICO

