



# 2019 ANNUAL REPORT



COMISIÓN NACIONAL  
BANCARIA Y DE VALORES



# CONTENT

Message from the President	4
About the CNBV	8
Executive summary	12

2

Chapter 1.	 <b>REGULATION</b>	16
Chapter 2.	 <b>SUPERVISION</b>	36
Chapter 3.	 <b>AUTHORIZATIONS</b>	98
Chapter 4.	 <b>LEGAL ISSUES</b>	110

Chapter 5.	 <b>THE CNBV'S LINK TO ITS ENVIRONMENT</b>	120
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Chapter 6.	 <b>MANAGEMENT</b>	140
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3

 <b>ANNEXES</b>	158
------------------------------------------------------------------------------------------------------	-----

 <b>GLOSSARY</b>	260
-------------------------------------------------------------------------------------------------------	-----

Acknowledgements	268
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# MESSAGE FROM THE PRESIDENT

As a decentralized body of the Ministry of Finance and Public Credit (SHCP), the CNBV carries out permanent actions to regulate and supervise the financial system, fostering its robustness and depth. These actions have allowed to rely on a strong financial system at this economic and financial juncture caused by the COVID-19 pandemic, which in turn enabled the implementation of relief measures so that individuals as well as companies could face this challenge. All this without weakening or compromising the stability and operation of our country's banking institutions.

The 2019 Annual Report here presented summarizes the main actions carried out and the results obtained by the CNBV, with special focus on the adoption of technological supervision; the regulation of the Fintech sector, of commercial banks and of the popular finance sector; as well as in terms of financial inclusion.

The Commission has worked first and foremost on the adoption of technological supervision (Suptech), which seeks to attain a more effective and pro-active monitoring of risks and regulatory compliance. This will allow generating swifter and more reliable processes, strengthening the CNBV's abilities and providing technological tools to fulfill in a more efficient and accurate manner its supervisory attributions. The first stage of adoption, throughout 2019, focused on the construction of a technological platform that allows carrying out the processes of information reception and processing, as well as generating dashboards of descriptive analytics for the sector of financial technology institutions (FTI) and for the supervision of Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT).

Fostering the financial technology sector (Fintech) is a priority for the current administration, especially in terms of the creation and implementation of adequate and modern regulation. To this effect, the next wave of secondary regulation concerning the Law to Regulate Financial Technology Institutions (also known as Fintech Law) was published. Likewise, the General provisions concerning the companies authorized to operate innovative models were also published. Furthermore, in this period the contact with this sector was strengthened, through meetings with 215 platforms from financial technology institutions (FTI), which allowed the CNBV to understand their business models and engage in a dialogue with them to dispel their doubts regarding the application of this regulatory framework and the authorization process. In turn, this provides easier access to financial services for all citizens, enhancing more efficient, affordable and appealing processes.

The financial system is constantly evolving, which is why its regulation must address the transformations this sector's institutions are undergoing. Therefore, the CNBV works identifying the needs for changes or for new regulations. In 2019, 30 general provisions were issued and modified; among those, the ones that stand out are adaptations in the provisions applicable to credit institutions, derived from a second stock exchange operating in the stock market, and in order to align them with the rules of brokerage firms, in different subjects.



In terms of supervision, in addition to the assessment process of capital adequacy that is carried out every year for credit institutions and brokerage firms, we carried out a similar process among popular finance sectors, with the purpose of contributing with the implementation of strategies to preserve and strengthen their solvency and the sustainability of their business models.

With the purpose of reducing the risks of identity theft and based on the provisions in this matter, we reviewed policies and procedures, controls, risks and internal audits that must be implemented by financial institutions in order to validate the biometric identity of users throughout operations and services.

Likewise, we continued applying the permanent monitoring of the daily Liquidity Coverage Ratio (LCR), as well as checking the Net Stable Funding Ratio (NSFR) for credit institutions. Furthermore, we followed up on the updating of the contingency plans of commercial banking institutions, in terms of reestablishing their financial situation in light of different types of pressure that might affect their solvency or liquidity, and we enhanced and developed tools for the monitoring process, in order to strengthen the balance between inspection and monitoring. This allowed financial institutions to comply with their obligations and meet their needs for liquidity, even in the context of COVID-19, which proved the strength, stability and robustness of our financial system.

In our country, the popular finance sector has allowed addressing segments of the population that were unattended, having positive effects on the economy of individuals, families, micro and small companies by broadening the market, the products and services offered to promote savings as well as loans. Among the monitoring actions of this sector, one that stood out was following up on the instrumentation of capital conservation plans, in addition to the capital restoration plans of the entities, as well as following up on the alternatives for an orderly exit of SOCAPs (savings

and loan cooperatives) that did not obtain any authorization from the CNBV to join the popular savings and loan sector and in order to facilitate the absorption of savers by authorized entities.

Improvements were implemented in the design and reception process of regulatory reports through which supervised entities deliver their financial and operational information, in order to promote efficiency and quality in the information received. On the other hand, through the Stock market monitoring platform, we implemented 300 validators involving the information presented by brokerage firms and stock exchanges to the CNBV, with the purpose of measuring and improving their quality. These improvements in the processes have allowed implementing the supervision in a swifter and more expeditious manner, thus strengthening compliance with CNBV attributions.

In order to strengthen the abilities and level of awareness on the growing threats to digital security, a study was carried out with the help of the General Secretariat of the Organization of American States (OAS), to evaluate the perception as to the status of information security in the institutions that make up the financial sector, in order to learn about their needs and their level of maturity; the persons in charge of information security from 240 financial entities from different sectors took part in this study.

In terms of authorization processes, in 2019 licenses were granted to 20 new participants in the financial system, and one commercial bank institution started operating. As to the stock market, we issued stock authorizations for an estimated amount of \$384.673 billion MXN. This way, the options of financial services and products grew, always guaranteeing they comply with the necessary regulation that ensures the growth of our financial system, without jeopardizing its robustness.

Financial inclusion is paramount to improve the overall wellbeing of the population through access to financial services. In this sense, important efforts stand out, such as the dissemination of the results from the second National Survey on the Financing of Companies (ENAFIN); the organization of the Forum on challenges and opportunities for financing the corporate sector in Mexico, in cooperation with the Ministry of Finance (SHCP) and the National Institute of Statistics and Geography (INEGI); the participation in the design of a new National Financial Inclusion Policy, in which the National Financial Education Strategy is included, and the organization of an exchange program in terms of knowledge and experiences on financial inclusion, in cooperation with the Alliance for Financial Inclusion (AFI).

In addition, as part of the commitment with the goals of the 2030 sustainable development Agenda, the CNBV joined the United Nations Global Compact, pledging to align its operations and strategies with the ten universally accepted principles in the areas of human rights, labor, environment and anti-corruption. Likewise, the CNBV took part in the Network of Central Banks and Supervisors for Greening the Financial System (NGFS), with the purpose of exchanging experiences, sharing best practices, contributing to risk management in terms of climate and environment in the financial sector, and mobilizing financing to support the transition towards a sustainable economy. This way, the CNBV maintains a standpoint allowing it not only to address the context in our country, but also to stay ahead of potential situations based on the experiences of other financial systems, with innovative regulation and processes.

This 2019 Annual Report reflects the sacrifice, commitment and professionalism of each and every one of those who, day by day, make it possible for the CNBV to comply with its responsibilities in terms of supervision and regulation with the highest standards. This, including the human capital talent that has successfully fulfilled its responsibilities within the CNBV, as well as those executives that recently joined the Commission.

Last but not least, this report also includes some of the main actions that the CNBV has carried out in 2020 to face the situation caused by the COVID-19 pandemic. These actions were carried out in a coordinated manner with the Ministry of Finance and Public Credit, and Banco de México (Mexico's Central bank), to address said emergency. Annex L of this report gives an account of these actions.



# ABOUT THE CNBV

The National Banking and Securities Commission (CNBV) is a decentralized body of the Ministry of Finance and Public Credit (SHCP), with technical autonomy and executive powers.

Its purpose is to supervise and regulate, in the field of its competence, the entities that constitute the financial system in Mexico (SFM), in order to protect its stability and proper function, as well as maintain and promote the sound and balanced development of said system as a whole, safeguarding the interests of the public.

Its goal is to also supervise and regulate natural persons and other legal entities, when they carry out activities foreseen in the laws related to the financial system.

## VISION

To be an efficient, modern and respected authority that seeks the stability of the financial system in Mexico, consistent with international best practices, and one that contributes to the construction of a prosperous Mexico, where every family is able to have access to more and better financial services.

## MISSION

To supervise and regulate the entities that constitute the financial system in Mexico, in order to protect its stability and proper function, as well as maintain and promote the sound and balanced development of said system as a whole, safeguarding the interests of the public.

The CNBV is governed by a strict Code of Conduct, whose pillars are the following institutional values and principles:

### VALUES



### PRINCIPLES



### Regulates

**30** general provisions and amending resolutions



### Authorizes

**20** new participants in Mexico's financial system

**\$384.67** billion MXN in stock issuances



### Supervises

**4,876** entities supervised, grouped into **71** legal figures



### Sanctions

**869** sanctions imposed for over **\$207** million MXN



### Comprises

**1,404** public officers

# CNBV's STEERING GROUP



**Juan Pablo Graf Noriega**  
President of the CNBV

## Formal education

- Degree in Economics - Universidad Autónoma Metropolitana
- Master's degree in Economics - Cambridge University

## Experience in the Financial System (34 years)

- Banking, Securities and Savings Unit (UBVA) of the Ministry of Finance and Public Credit (SHCP) - Head - 1 year 3 months
- Central Bank of Mexico (Banxico)- Analysis of the financial system - 18 years
- Bank for International Settlements, BIS (Basel, Switzerland) - Monetary and Economic Department - 3 years



**Jorge Pellicer Ugalde**

VP of Supervision for Financial Groups and Intermediaries A



**José Ramón Canales Márquez**

VP of Supervision for Financial Groups and Intermediaries B



**Enrique Antonio Marrufo García**

VP of Supervision for Development Banking and Popular Finances



**Itzel Moreno Macías García**

VP of Supervision for Securities Market



**Sandro García Rojas Castillo**

VP of Supervision for Preventive Processes



**Anselmo Moctezuma Martínez**

Technical VP



**José Antonio Quesada Palacios**

VP of Regulatory Policy



**Mónica Brenda Villarreal Medel**

Legal VP



**Margarita De la Cabada Betancourt**

VP of Regulations



**Ignacio Javier Estévez González**

VP of Administration and Strategic Planning

10

## Formal education

- Degree in Public Accounting - Universidad Del Valle de México
- Postgraduate degree in Finance - Mexican Association of Securities Intermediaries (AMIB)

## Formal education

- Degree in Business Administration -Universidad Iberoamericana
- Master's degree in Finance - ITESM

## Formal education

- Degree in Actuary - ITAM
- Master's degree in Mathematical Statistics - University of Chicago
- Master's degree in Advanced Studies in Finance - Swiss Federal Institute of Technology

## Formal education

- Degree in Actuary - UNAM
- Specialization in Money Market and Global Finance - Instituto del Mercado de Valores
- Postgraduate degree in Financial Derivatives - ITAM

## Formal education

- Law degree - Universidad Latinoamericana
- Master's degree in Public Administration - INAP
- Several Master's degrees in safety of goods and persons, and in criminal matters - Centro de Estudios Superiores en Especialidades Jurídicas, Spain

## Formal education

- Degree in Economics -UNAM
- Master's degree in Economic and Financial Engineering -Universidad La Salle
- Specialization in Applied Statistics and Advanced Econometrics - ITAM
- Specialization in Senior Management - IPADE

## Formal education

- Degree in Public Accounting - Universidad Iberoamericana
- Master's degree in Administration -ITAM
- Master's degree in Accounting -ITAM and Florida International University
- Management Development Program D1 - IPADE

## Formal education

- Law degree - Escuela Libre de Derecho
- Master's degree in Finance Law Institutions - Universidad Panamericana
- Specialization in Finance Law Institutions - Universidad Panamericana

## Formal education

- Law degree - Escuela Libre de Derecho
- Specialization in Economic and Corporate Law - Universidad Panamericana
- Specialization in Corporate Finance - ITAM

## Formal education

- Law degree - Escuela Libre de Derecho
- Specialization in Finance Law Institutions - Universidad Panamericana
- PhD candidate in Law -Universidad Panamericana

11

## Experience in the Financial System (40 years)

- CNBV - General Director of Supervision for Financial Groups and Intermediaries - 1 year
- BIVA, Interam, Banco Monex, Comerica Bank, Citibank, Banamex - Various senior management positions in commercial and corporate banking - 38 years
- Associate Director Troszt Consulting, S.C. - 1 year

## Experience in the Financial System (20 years)

- CNBV- General Director of Supervision for Financial Groups and Intermediaries - 6 years
- CNBV - Various positions in supervisory areas - 11 years

## Experience in the Financial System (19 years)

- CNBV - General Director of Risk Methodologies and Analysis - 1 year
- Libertad Servicios Financieros - Executive Director of Risks - 4 years
- Sociedad Hipotecaria Federal - Director of Comprehensive Risk Management - 11 years
- Citibank - Deputy director of Database Marketing - 2 years

## Experience in the Financial System (27 years)

- CNBV - General Director of Supervision for Securities Entities and Intermediaries - 5 years
- CNBV- Deputy General Director of Capital Market - 5 years
- Proveedor Integral de Precios - Deputy director of Financial Markets and Derivatives - 9 years
- Enlace Int. - In charge of Derivatives Desk - 7 years

## Experience in the Financial System (17 years)

- CNBV - General Director of Prevention of Operations with Resources of Illicit Origin - 3 years
- Asset Management and Disposal Agency (SAE) - Legal and Trust Corporate Director- 6 years
- Office of the Mexican Attorney General (PGR) - Deputy Attaché for the European Union and Switzerland - 4 years

## Experience in the Financial System (27 years)

- CNBV - VP (Development of Operations with Regulatory Policy) - 2 years
- CNBV - General Director of Supervision for Development Banking and Promotion Entities - 6 years
- CNBV - Various positions in areas of economic studies, regulatory development and banking supervision - 19 years

## Experience in the Financial System (35 years)

- EGADE Business School ITESM - Director - 3 years
- Pricewaterhouse-Coopers - Head of Financial Services - 33 years
- Instituto Mexicano de Ejecutivos de Finanzas (IMEF) - National Chairman - 3 years

## Experience in the Financial System (15 years)

- CNBV - Various positions in legal and regulatory areas - 2 years
- Ministry of Finance (SHCP) - Director of Planning and Savings - 5 years
- Ministry of Finance (SHCP) - Deputy General Director of Savings and Financial Regulation - 2 years
- Federation's Fiscal Attorney General Office -Deputy director of Financial Felonies - 5 years

## Experience in the Financial System (42 years)

- Banobras- Deputy General Director of Legal Affairs - 2 years
- De la Cabada Asociados, S.C. - Partner - 6 years
- White & Case, S.C. - Counsel - 4 years
- IPAB - Legal Director - 2 years
- Banamex- Director of Legal Counseling for Credit, Specialized and International - 22 years

## Experience in the Financial System (30 years)

- Central Bank of Mexico - Director of Material Resources - 14 years
- Central Bank of Mexico - Manager of Regulations, Advisor to the Board of Governors and Deputy manager in the area of Internal Counseling and Legal Control - 16 years

Note: Information as of August 2020.

# EXECUTIVE SUMMARY



12

The CNBV presents its 2019 Annual Report, which states the main actions carried out and the results obtained in accordance with its attributions, to regulate and supervise Mexico's financial system. The following is a description of the relevant aspects in each chapter.

## Regulation

The CNBV issued 30 general provisions and amending resolutions, applicable to the financial entities and subjects supervised, which covered various topics with the purpose of improving and strengthening the regulatory framework that governs over the financial system.

Among the regulated topics, the following stand out: 1) adjustments to the provisions applicable to credit institutions derived from a second stock exchange operating in the stock market, as well as to align to the provisions applicable to brokerage firms in different matters; 2) enactment of the second block of rules applicable to the FTI, which have to do with establishing a framework for control and disclosure of information for crowdfunding institutions (CFI) and, 3) publication of the provisions concerning the companies authorized to operate innovative models.

## Supervision

By the end of 2019, the Commission was supervising 4,876 entities, grouped into 71 legal figures. Supervision is carried out through inspection, monitoring, prevention and correction, and its purpose is to evaluate the risks they are subject to, their control systems and the quality of their management, in order to ensure these entities maintain adequate liquidity, are solvent and, in general terms, conform to the provisions that govern them, as well as to the uses and sound practices of financial markets.

To this effect, 487 inspection visits were carried out: 68.99% ordinary visits, 25.88% investigation visits and 5.13% special visits. Based on the inspection and monitoring results, the CNBV issued 59,063 observations and recommendations and ordered 4,100 actions and corrective measures to the entities supervised.

Specific supervisory activities were also carried out, highlighting the following topics: 1) a series of yearly evaluations of capital adequacy among credit institutions and brokerage firms, as well as an evaluation among popular finance entities; 2) review of the work plans from commercial banking institutions, to develop the mechanisms for identification verification and for carrying out in-person operations through biometric data; as well as reviews of the prudential framework, with regard to policies and procedures, controls, risks and internal audits that financial institutions must implement in order to validate the biometric identity of users; 3) implementation of 300 validators of the information presented by brokerage firms and stock exchanges to the CNBV, through the Stock market monitoring platform; 4) follow-up on the instrumentation of capital conservation plans and capital restoration plans of popular finance entities, and 5) monitoring of the orderly exit of those SOCAPs (savings and loan cooperatives) that did not obtain authorization from the CNBV to enter the popular savings and loan sector. In addition, we enhanced and developed tools to strengthen the balance between inspection and monitoring.



On the other hand, we initiated the adoption of technological supervision (Suptech), to obtain a more effective and proactive monitoring of the risk and regulatory compliance of entities. In 2019, we started to develop a technological platform for the processes of information reception, validation, storage and processing, as well as to generate dashboards of descriptive analytics for the FTI sector and supervise AML/CFT.

**Authorizations**

In the banking sector, the incorporation of a commercial bank institution was authorized, as well as the start of operations of one more. Likewise, we authorized the incorporation and operation of a brokerage firm, a company managing systems that facilitate stock operations, two representative offices from foreign financial entities and fourteen new commission agents.

We received 93 authorization requests to incorporate and to operate as IFTs, of which 31 corresponded to CFIs (crowdfunding institutions) and 62 to IFPEs. For these requests, the first review was carried out in operational, financial, administrative, legal, technological and AML/CFT terms. It is worthwhile mentioning that with the agreement of the Interinstitutional Committee, the CNBV issued the first authorization to an EPFI.

On the other hand, 30 new registrations and 32 renewals to operate as currency exchange centers and money transfer companies were granted. Likewise, 12 investment advisors were registered. As to the stock market sector, authorizations were issued for an estimated amount of \$384.67 billion MXN.

**Legal affairs**

869 administrative sanctions were imposed, corresponding to admonitions, fines, suspensions of operations and registry cancellations, due to conducts infringing the regulations carried out by the financial institutions supervised, as well as by other natural persons and legal entities. By the end of 2019, the aggregate total amount of fines imposed was more than \$207.4 million MXN.

In addition, 88 offense opinions were issued, concerning conducts that allegedly constituted a financial crime, of which 28.4% is associated with irregular deposit-taking activities and 71.6% with various other conducts.

As a result of the 126 investigation visits that took place in terms of irregular deposit-taking, 19 suspensions of operations were ordered.

As to addressing information requirements formulated by federal financial, judicial and administrative authorities, throughout the year we received 213,837 requirements from various authorities. In this sense, roughly 8.5 million official letters were issued, addressed to financial entities and roughly 260,000 official letters responding to the authorities; also, 219,020 requirements were completed.

**The CNBV's link to its environment**

On the international stage, actions were carried out to reinforce the CNBV's relation with international bodies, highlighting the following: 1) adherence to the United Nations Global Compact, pledging to align its operations and strategies with the ten universally accepted principles in the areas of human rights, labor, environment and anti-corruption; 2) participation in the NGFS; 3) membership to the GFIN, and 4) subscription of cooperation Instruments with various international authorities.

With regard to the research and economic studies on the Mexican financial system and other topics related to the CNBV's mandate, various reports and internal analysis were generated, including the following that stand out: 1) Report on financial savings and financing; 2) Perspectives of the financial sector in Mexico; 3) Mexico's macroeconomic perspective, and 4) Weekly report on the economy and markets.

Finally, in terms of financial inclusion, what stands out is the dissemination, in collaboration with the INEGI, of the results of the 2018 ENAFIN; as well as the organization of the Forum on challenges and opportunities for financing the corporate sector in Mexico, in cooperation with the SHCP and the INEGI, and of a program for the exchange of knowledge and experiences in financial inclusion, in cooperation with the AFI.

**Management**

As to human capital, the CNBV maintained high professional standards, covering the positions that became vacant with promotions of public officers from the Commission, who were selected because they had the know-how and experience necessary to fill those positions, as a result of their career paths within the Commission. A reduced number of vacant positions was covered by people that were not part of the CNBV, but that complied with all the requirements and passed all the established controls; in most cases, with ample experience in the financial sector. The latter highlighted the Commission's ability to attract talent, which allows it to have highly professional profiles.



# REGULATION

## 1.

### 1.1. Introduction

The CNBV possesses powers to expedite the general provisions that must be followed by the entities that constitute the SFM (Mexican financial system) and that are part of its scope of competence, such as natural persons and legal entities that carry out activities foreseen in the financial laws, as well as other legally bound parties under its supervision.

Likewise, it holds the faculties to act as a consultative body for the Federal Government in financial matters, in accordance with what the applicable laws establish.

This section summarizes the main activities carried out in 2019, concerning the enactment of general provisions and amending resolutions.

1.2  
Main regulated  
topics

The CNBV issued and published in the Official Gazette of the Federation (DOF), 30 regulatory documents, made up of new general provisions, as well as amending resolutions to already existing provisions, applicable to the different sectors regulated and entities supervised.

The modifications were carried out with the purpose of improving and strengthening the regulatory framework that governs the financial system, in addition to including national and international best practices; they are listed in the following table:

Sectors regulated	Resolutions / Provisions
Banking	6
Stock market	2
Brokerage firms	2
Investment funds	2
Popular savings and loan	5
Auxiliary credit organizations and activities	1
Promotion bodies and entities	1
National Financing Company for Agricultural, Rural, Forestry, and Fisheries Development (FND)	1
Participants of the derivatives market	1
Financial technology institutions	1
Innovative models	1
Cross-sectoral	6
Internal regulations	1
Total	30

In accordance with the regulatory policy guidelines established by the CNBV, the regulations issued and modified throughout 2019 covered different topics, emphasizing as follows:

Throughout 2019, we issued the second block of rules that constitute the General provisions applicable to financial technology institutions (*Circular única de ITF, CUITF*), derived from the entry into force of the LRITF (Law to Regulate Financial Technology Institutions), which were aimed at establishing a framework on control and disclosure of information for crowdfunding institutions (CFI).

These rules regulate on matters of information security, electronic means, as well as hiring third parties to provide the services necessary for CFI operations. Likewise, they establish the obligation for IFTs to present to the Commission the corresponding regulatory reports; designate the person in charge of sending them; the quality of their content, and deadlines and means for their presentation. Finally, we added the regulatory framework concerning the disclosure of information that CFIs will have to follow regarding the financing requests and projects they may promote on their platforms.

With the purpose of establishing the criteria and conditions for granting a temporary authorization for those entities that, when providing financial services, use technological tools or means with forms different from the ones currently on the market when the temporary authorization is granted, the General provisions concerning the entities authorized to operate the innovative models referred to by the LRITF were published; these provisions also established the information that needs to be included in the reports, that these entities must generate and present to the Commission.

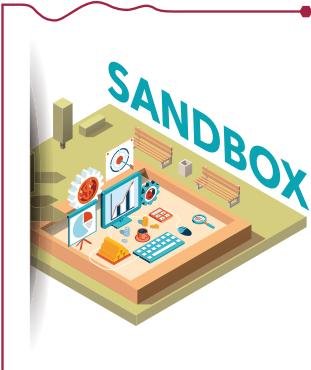
In addition, they determine the bases for organizing and operating the registry the CNBV will have to keep, regarding those temporarily authorized entities; registry which will be made public and disseminated through the Commission's webpage on the Internet.

This rule, of great relevance for developing innovations within the financial system, establishes the criteria and conditions for the operation of the so-called regulatory Sandbox. In other words, it is the space in which, by granting a temporary authorization, it is possible to provide financial services using technological tools or means with forms that are different from the ones currently in the market, without the need to obtain in the first instance the CNBV's authorization to operate as a financial entity.

Provisions concerning  
financial technology  
institutions (Fintech)



Enactment of  
provisions for  
innovative models  
(regulatory Sandbox)



Credit institutions carrying out operations with securities

With the purpose of adapting the General provisions applicable to credit institutions (*Circular única de bancos, CUB*), because of the operation of a second stock exchange in the stock market, as well as in order to align them with the rules for brokerage firms in different fields, various amending resolutions were issued and published:

- Updating of the rules related to the automated system for receiving instructions, recording and assigning operations, with the purpose of making it consistent with the rules applicable to the system for receiving and assigning operations applied to brokerage firms.
- Adaptations to the rules that allow carrying out operations with securities in more than one stock exchange.
- Adjustments in terms of internal control, with the purpose of strengthening it and aligning it with the rules applied to brokerage firms.
- Adoption of rules in terms of channels with direct electronic access, facilitation operations, as well as block orders. The latter will be considered by the Commission, taking into account their volume and the rules of brokerage firms.
- Determining the information and periodicity with which credit institutions must report to the CNBV those operations with securities that they carry out.

Operability of the Digital Charge system (CoDi)

In order to boost the digitalization of the economy and allow the operability of the CoDi scheme, as well as financial inclusion, an option was added so that entities could offer their clients or partners, means to carry out electronic transfers with more flexible rules.

In this sense, various amending resolutions to the general provisions were published, applicable to the following entities:

1. Credit institutions
2. Popular financial companies (SOFIPO)
3. Savings and loan cooperatives (SOCAP)

Amendments were made to the provisions applicable to credit institutions and to brokerage firms, in order to establish the deadline and the way these entities have to communicate to the institutions specializing in securities deposits, the trading operations of debt instruments carried out with other credit institutions or brokerage firms.

With the goal of having swifter processes for the benefit of market dynamics, the General provisions applicable to securities issuers and to other stock market participants were amended (*Circular única de emisores, CUE*): the regulatory framework established by the procedure is made more flexible, so that issuers can cancel the listing of their securities in a stock exchange and list them in another one; to this effect, we adjusted the requirements that must be followed as to governance structure and better market conditions.

On the other hand, provisions were also modified with the purpose of providing certainty to foreign issuers in the application of auditing rules for financial statements, regarding the performance of activities by independent external auditors that are hired to that effect, as well as the independence features that the latter must have.

In order for credit institutions, SOFIPOs (popular financial companies) and SOFINCOs (community financial companies) to be able to close commercial commission contracts with charitable institutions and entities or associations that grant loans with movable collateral, as long as they belong to the same consortium or corporate group as the financial entity at issue, the general provisions applicable to these sectors were amended.

The provisions that rule over investment funds were amended, including various flexibility aspects that seek to facilitate some of the procedures before the CNBV and promote the development of that sector. In particular, it was specified they do not need to request authorization from the Commission when changes are made to the information leaflet on the credit rating or market valuation of investment funds.

On the other hand, and due to the efforts of this Commission to promote an open architecture market in the distribution of investment funds, these were allowed to set management and distribution fees in investment funds differentiated by series of shares, as long as they

Trading operations with debt instruments

Provisions concerning securities issuers

Conclusion of commercial commission contracts

Provisions concerning investment funds

took into account objective criteria such as the types of investment profiles, the amount and frequency of the operations carried out, in line with what is stipulated in the framework of investment services. The objective is to promote innovation in new distribution modalities, without generating unfair treatments or discriminatory practices between the various distributors.

Finally, the concept of trust certificates (CBF) was specified and the conditions under which investment funds can carry out operations with derivative financial instruments, CBFs, structured securities and asset-backed securities were established.

Deadline extension for compliance with financial reporting standards (NIF)

With the purpose of extending the deadline until January 1 2021 for different entities and bodies to apply the NIF issued by the *Consejo Mexicano de Normas de Información Financiera, A.C. (Cinif, Mexican Board of Financial Reporting Standards)*, so that financial entities are able to adjust their accounting information systems, various amending resolutions to the general provisions applicable to the following sectors were published:

- 1. Credit institutions
- 2. Brokerage firms
- 3. Investment funds, investment fund management companies and distributing companies of investment fund shares
- 4. Bonded warehouses, currency exchange offices and credit unions
- 5. Public funds and trusts constituted by the Federal Government for economic promotion that carry out financial activities referred to in article 3 of the Law on Credit Institutions (LIC), Institute for the National Fund for Consumption of Workers (Infonacot, *Instituto del Fondo Nacional para el Consumo de los Trabajadores*), Institute for the National Fund for Housing for Workers (Infonavit, *Instituto del Fondo Nacional de la Vivienda para los Trabajadores*) and the Housing Fund of the Institute of Social Security and Services of State Workers (Fovissste, *Fondo de la Vivienda del Instituto de Seguridad y Servicios Sociales de los Trabajadores del Estado*)
- 6. SOCAP
- 7. SOFIPO, SOFINCO and rural financing integration bodies (OIFR)
- 8. FND
- 9. Participants of the derivatives market

The General provisions applicable to the use of the SEAOC were modified in order to extend the use of this electronic system, to allow for the procedure of various authorization requests the CNBV<sup>1</sup> is responsible for granting, to be carried out by financial entities from various sectors.

Electronic system of authorizations (SEAOC)

1/ Refers to authorizations different from the authorization processes in terms of how those entities mentioned by the laws are organized, operate and function, processes which were already considered in the use of the SEAOC.

The requirements and stages of the applicable process were established so that the Commission could certify independent external auditors, compliance officers and other professionals in terms of AML/CFT. Likewise, adjustments to the certificate renewal process were carried out, eliminating, among other aspects, the obligation for said professionals to take training courses or workshops in this field. Finally, the certification standards for legal entities were removed.

Derived from the enactment of the provisions mentioned, the call to disseminate the bases and dates of the 2020 certification process was published.

On the other hand, we announced the electronic mean through which the results report of the annual audit review must be presented, as well as the Compliance manual or equivalent document, referred to by the various general provisions applicable in terms of AML/CFT, so that those entities and companies obliged to do so forward said information to the CNBV.

Provisions in terms of AML/CFT



1.3 Summary of provisions issued

First trimester 2019		
	Topic	Classification
March 1 Issuance	<b>FTI</b> Enactment of the second block of provisions applicable to FTI, regarding the following fields: information security; use of electronic means; hiring third parties to provide services necessary for the operation of IFTs; obligation for IFTs to present regulatory reports to the CNBV; disclosure of information that CFIs will have to fulfill regarding the financing requests and projects they promote on their platforms.	Financial innovation
	<b>Companies operating with innovative models</b> Enactment of the general provisions concerning companies authorized to operate innovative models, in which the criteria for the granting of a temporary authorization are established; the information that must be included in the report these companies must present to the CNBV, and the organizational and operational bases of the registry the Commission will have to keep, regarding these temporarily authorized companies.	Financial innovation



Second trimester 2019		
	Topic	Classification
April 1 Issuance	<b>Credit institutions</b> Easing of operations carried out with payment orders that are charged through ATMs.	Improvement of regulations
April 1 Issuance	<b>Investment funds</b> Elimination of the obligation to request authorization from the CNBV when changing information leaflet content on the credit rating or market valuation of the investment funds; permission to set differentiated fees for managing and distributing investment funds; updating of the definition of CBF and precisions so that investment funds can carry out operations with derivative financial instruments, trust certificates, structured securities and asset-backed securities.	Improvement of regulations
April 1 Issuance	<b>Cross-sectoral</b> Extension of the use of the SEAOC to allow for the procedure of authorization requests the CNBV is responsible for granting to be carried out by financial entities from various sectors.	Compliance with legal obligations
Third trimester 2019		
	Topic	Classification
July 1 Issuance	<b>Credit institutions</b> Adaptations derived from the operation in the stock market of a second stock exchange, as well as to align with the rules for brokerage firms, in different matters.	Improvement of regulations
August 1 Issuance	<b>Issuers</b> Application of auditing rules during the external audit activities on the financial statements of foreign issuers.	Improvement of regulations
Fourth trimester 2019		
	Topic	Classification
October 3 Issuances	<b>Credit institutions, SOFIPO with operations level from I to IV, SOCAP</b> Easing of standards in order to facilitate the operability of the CoDi scheme.	Improvement of regulations
November 1 Issuance	<b>Credit institutions</b> Establishing deadline and way to communicate to institutions for the deposit of securities the trading operations of debt instruments carried out with other credit institutions or brokerage firms.	Improvement of regulations
November 9 Issuances	<b>Credit institutions, brokerage firms, investment funds, participants of the derivatives market, SOFIPO, SOFINCO, OIFR, SOCAP, FND, promotion bodies and entities, bonded warehouses, currency exchange offices and credit unions</b> Deadline extension so that institutions may apply what was established in various NIF, issued by the Cinif.	Accounting regulation

Fourth trimester 2019		
	Topic	Classification
November 2 Issuances	<b>Credit institutions, SOFIPO, SOFINCO</b> Easing of regulatory framework to conclude commercial commission contracts with charitable institutions and companies or associations that grant loans with movable collateral.	Improvement of regulations
November 1 Issuance	<b>Issuers</b> Easing of the procedure so that issuers cancel the listing of their securities in a stock exchange, to list them in another one.	Improvement of regulations
November 3 Issuances	<b>AML</b> Publication of the electronic mean through which the results report of the annual audit review must be presented, as well as the Compliance manual in terms of AML/CFT.  Establishing the requirements and stages of the process applicable for certification in terms of AML; adjustments to the certificate renewal process, eliminating, among other aspects, the obligation for said professionals to take training courses or workshops in this field, and elimination of the certification standards for legal entities.  Publication of the call for the certification process in 2020, in terms of AML.	Compliance with legal obligations
November 1 Issuance	<b>Brokerage firms</b> Deadline extension to communicate to institutions for the deposit of securities the trading operations of debt instruments carried out with other brokerage firms or credit institutions.	Improvement of regulations
December 2 Issuances	<b>Cross-sectoral</b> Roster of the days that deadlines and timetables will not run as part of the procedures that are carried out before the CNBV.  Roster of the days of the year 2020 entities subject to the supervision of the CNBV will have to close, suspend operations and provide their services to the public.	Compliance with legal obligations
December 1 Issuance	<b>Internal Regulation</b> Precisions regarding the legal codes that grant powers to the CNBV to impose administrative sanctions.	Internal Regulation

In addition to the relevant modifications mentioned in the previous section, a summary is presented of all the provisions the CNBV issued throughout 2019, according to the sector these provisions are aimed at.



## Credit institutions

Resolution 117 that amends the CUB, published in the DOF April 15 2019

As registry information for operations carried out with payment orders that are charged through ATMs, the date of birth was eliminated and, when applicable, the beneficiary's Federal Taxpayer Registry, in order to make said operations conducted by credit institutions with their customers more flexible.

Resolution 118 that amends the CUB, published in the DOF July 5 2019

To endeavor greater liquidity and depth in the stock market, due to the existence of a second stock exchange, modifications were carried out as to the rules that allow conducting operations with stocks in more than one exchange.

In addition, the standards related to the automated system for receiving instructions, recording and assigning credit institution operations were updated, with the purpose of making it consistent with the rules applicable to the system for receiving and assigning for brokerage firms, for which the following was included: 1) the treatment that is to be given to the trading desk that administers the orders of customers of said institutions; 2) who will give the instructions to the trading desk; 3) the operations to carry out; 4) the information that must be contained in the system; 5) the functions of the person in charge of monitoring the referred operations, and 6) the obligation of said persons in charge to ensure the brokerage firm obtains a better result.

Likewise, standards were added in terms of channels of direct electronic access, operations of facilitation, as well as of block orders. The latter will be considered by the Commission based on their volume and on what is made available by the brokerage firms.

Likewise, modifications were made in terms of internal control applicable to credit institutions, with the purpose of bolstering it and aligning it with the rules for brokerage firms.

Finally, we established the information and periodicity with which credit institutions will have to report to the CNBV the operations with securities they carry out.

Resolution 119 that amends the CUB, published in the DOF October 1 2019

In order to facilitate the operability of the CoDi scheme, we included the option for credit institutions to be able to provide their customers means to make electronic transfers with more flexible standards, this way fostering financial inclusion in the country and encouraging technological innovation, while at the same time continuing to protect their customers' resources and the safety of their information.

Modifications were made with the purpose of establishing the deadline and the way credit institutions must communicate to institutions for the deposit of securities the trading operations of debt instruments undertaken with other credit institutions or brokerage firms.

The deadline was extended to January 1 2021 for the application of the NIF B-17 Determining the fair value, C-3 Accounts receivable, C-9 Provisions, contingencies and commitments, C-16 Deterioration of financial assets, C-19 Financial liabilities, C-20 Financial assets principal and interest, D-1 Income through contracts with clients, D-2 Costs due to contracts with clients and D-5 Leasing, issued by the Cinif and referred in Criterion A-2 Application of particular rules from Annex 33.

The regulatory framework for hiring commission agents was made more flexible, so that credit institutions could celebrate commercial commission contracts with charitable institutions and companies or associations that grant loans with movable collateral, as long as they belong to the same consortium or corporate group.

Resolution 120 that amends the CUB, published in the DOF November 1 2019

Amending resolution 121 of the Resolution that amends the CUB, published December 27 2017, published in the DOF November 4 2019

Resolution 122 that amends the CUB, published in the DOF November 25 2019

## Brokerage firms



Deadline extension that brokerage firms can count on to communicate to institutions for the deposit of securities the trading operations with debt instruments carried out with other brokerage firms or credit institutions.

The deadline was extended to January 1 2021 for the application of the NIF B-17 Determining the fair value, C-3 Accounts receivable, C-9 Provisions, contingencies and commitments, C-16 Deterioration of financial assets, C-19 Financial liabilities, C-20 Financial assets principal and interest, D-1 Income through contracts with clients, D-2 Costs due to contracts with clients and D-5 Leasing, issued by the Cinif and referred in Criterion A-2 Application of particular rules of Annex 5 Accounting criteria for brokerage firms.

Amending resolution 49 of the Resolution that amends the General provisions applicable to brokerage firms (*Circular única de casas de bolsa*, CUCB), published December 12 2018, published in the DOF October 30 2019

Amending resolution 50 of the Resolution that amends the CUCB published January 4 2018, published in the DOF November 4 2019



## Investment funds

Resolution 18 that amends the General provisions applicable to investment funds and to the individuals that provide services to them (Circular única de fondos de inversión, CUFI), published in the DOF April 6 2019

The definition of CBF was updated and it was specified that investment funds may perform operations with derivative financial instruments, trust certificates, structured securities and asset-backed securities, as long as the investment fund operating company providing management services to said investment funds, subscribes a letter, prior to the first operation of every asset object of investment, which will have to be updated when the investment regime of the fund changes, and preserved for five years.

Likewise, the changes in the information leaflet concerning the credit rating or market valuation of investment funds were exempt from authorization by the Commission; the sole requirement is for a copy of the information leaflet to be subsequently presented to the CNBV.

In the open architecture framework in terms of distribution of investment fund shares, they are allowed to set fees for managing assets and distributing shares, differentiated by series of shares, for which they will need to take into account objective criteria such as types of investment profiles, amount and frequency of the operations performed, in order to avoid unfair treatments between investors and discriminatory practices between distributors.

The deadline was extended to January 1 2021 for the application of the NIF B-17 Determining the fair value, C-3 Accounts receivable, C-9 Provisions, contingencies and commitments, C-16 Deterioration of financial assets, C-19 Financial liabilities, C-20 Financial assets principal and interest, D-1 Income through contracts with clients, D-2 Costs due to contracts with clients and D-5 Leasing, issued by the Cinif and referred in Criterion A-2 Application of particular rules of Annexes 5 Accounting criteria for investment funds, Annex 6 Accounting criteria for investment fund management companies and Annex 7 Accounting criteria for distributing companies of investment fund shares.

Amending resolution 19 of the Resolution that amends the CUFI, published January 4 2018, published in the DOF November 4 2019

28



## Securities issuers and stock market participants

Amendments were made to the Provisions, in order to provide certainty to foreign issuers with regard to the application of auditing rules during the auditing activities on their financial statements by independent external auditors that are hired for such purposes; as well as in terms of the independence features that the latter must have.

In order to have more streamlined processes for the benefit of market dynamics, amendments were made to make the regulatory framework that establishes the procedure more flexible, so that issuers can cancel the listing of their securities in a stock exchange to list them in another one, to this effect adjusting the requirements that issuers must follow as to their governance structure and better conditions in the market.

Resolution 36 that amends the CUE, published in the DOF August 9 2019

Resolution 37 that amends the CUE, published in the DOF November 25 2019

## Participants of the derivatives market



The deadline was extended to January 1 2021 for the application of the NIF B-17 Determining the fair value, C-3 Accounts receivable, C-9 Provisions, contingencies and commitments, C-16 Deterioration of financial assets, C-19 Financial liabilities, C-20 Financial assets principal and interest, D-1 Income through contracts with clients, D-2 Costs due to contracts with clients and D-5 Leasing, issued by the Cinif and referred in Criterion A-2 Application of particular rules of Annexes 1 Accounting Criteria for Clearing Houses and Annex 2 Accounting Criteria for Liquidating Partners.

Amending resolution 6 of the Resolution that amends the General provisions that establish the accounting criteria that participants of the derivatives market will adhere to, published January 4 2018, published in the DOF November 4 2019

29



## Financial technology institutions

With the purpose of being in a position to tackle risks and attacks that might affect CFIs and operations with their customers, the regulatory framework in terms of information security for said institutions was added, determining the internal controls they will need to have in place and also establishing a regime that seeks to guarantee

Resolution 1 that amends the CUITF, published in the DOF March 25 2019



the security of the technological infrastructure at the basis of their operations, as well as the confidentiality, integrity and availability of the information.

Likewise, we regulated the functioning and the use of equipment, electronic, optical means, or means from any other technology, automated systems for data processing and telecommunications networks, including the standards concerning the ways to authenticate CFIs as well as their customers, given that the main characteristic of said institutions is the fact that they operate through remote means of electronic or digital communication; in other words, technological devices, software applications, interfaces, web pages and similar platforms.

In addition, the rules corresponding to the hiring of third parties to provide services necessary for CFI operations were established, also specifying those services that will require CNBV authorization, to this effect considering the due protection of customers' sensitive information.

In order for the Commission to have the information corresponding to the activities and operations of IFTs, the obligation to present the corresponding regulatory reports was established, assign the person responsible for sending them and for the quality of their content, as well as the deadlines and means for their presentation.

Furthermore, disclosure obligations were established concerning the financing requests and projects that CFIs promote through their platforms, so that investors can have at all times access to relevant, timely and comprehensive information on the crowdfunding operations in which they are participating or could participate. In this sense, a framework of disclosure was established, differentiated by type and modality of crowdfunding (debt, capital, co-ownership and royalties) in three areas:

1. Information regarding financing requests and projects, aimed at potential investors during the supply of financing stage.
2. Information concerning the payment behavior and performance of the applicant or project financed, aimed at the investors currently participating in said operation.
3. Disclosure of aggregated statistical information aimed at the public at large, as to nature of the operations, payment behavior and financial performance in general of the projects financed.

### Companies authorized to operate with innovative models



The criteria and conditions for the granting of temporary authorizations for those companies operating with innovative models were established; these are innovative models that, in order to provide financial services, use technological tools or means with modalities different from the ones currently being used in the market when the temporary authorization is granted. In addition, it was established what information needs to be included in the report that these companies must generate and present to the Commission.

Finally, the bases for organizing and operating the registry that the CNBV will need to keep regarding said authorized companies were specified; the registry will be public, and its dissemination will occur through the Commission's webpage.

General provisions concerning companies authorized to operate innovative models referred by the LRITF, published in the DOF March 19 2019

### Popular savings and loan



In order to facilitate the operability of the CoDi scheme, we included the option for SOFIPOs with operations level from I to IV to be able to provide their customers and partners the means to perform electronic transfers with more flexible standards, thus promoting financial inclusion in the country and driving technological innovation, while at the same time continuing to protect the resources of their customers and partners, as well as the security of their information.

Resolution 25 that amends the General provisions applicable to the popular savings and loan entities, integration bodies, SOFINCO and OIFR, referred to by the Law on Popular Savings and Loan (LACP) (*Circular única de entidades de ahorro y crédito popular (CUEACP)*), published in the DOF October 1 2019

In order to facilitate the operability of the CoDi scheme, we included the option for SOCAPs to be able to provide their partners the means to perform electronic transfers with more flexible standards, thus promoting financial inclusion in the country and driving technological innovation, while at the same time continuing to protect the resources of their partners and the security of their information.

Resolution 10 that amends the General provisions applicable to the activities of the SOCAP (*Circular única de SOCAP, CUSOCAP*), published in the DOF October 1 2019



Amending resolution 26 of the Resolution that amends the CUEACP, published January 23 2018, published in the DOF November 4 2019	The deadline was extended to January 1 2021 for the application of the NIF B-17 Determining the fair value, C-3 Accounts receivable, C-9 Provisions, contingencies and commitments, C-16 Deterioration of financial assets, C-19 Financial liabilities, C-20 Financial assets principal and interest, D-1 Income through contracts with clients, D-2 Costs due to contracts with clients and D-5 Leasing, issued by the Cinif and referred in Criterion A-2 Application of particular rules of Annex E Accounting Criteria for SOFIPO, SOFINCO and OIFR.
Amending resolution 11 of the Resolution that amends the CUSOCAP, published January 23 2018, published in the DOF November 4 2019	The deadline was extended to January 1 2021 for the application of the NIF B-17 Determining the fair value, C-3 Accounts receivable, C-9 Provisions, contingencies and commitments, C-16 Deterioration of financial assets, C-19 Financial liabilities, C-20 Financial assets principal and interest, D-1 Income through contracts with clients, D-2 Costs due to contracts with clients and D-5 Leasing, issued by the Cinif and referred in Criterion A-2 Application of particular rules of Annex E Accounting criteria for SOCAP.
Resolution 27 that amends the CUEACP, published in the DOF November 25 2019	The regulatory framework for hiring commission agents was made more flexible, so that the SOFIPO and SOFINCO could conclude commercial commission contracts with charitable institutions and companies or associations that grant loans with movable collateral, as long as they belong to the same consortium or corporate group.



FND

National Financing Company for Agricultural, Rural, Forestry, and Fisheries Development

Amending resolution 7 of the Resolution that amends the General provisions in prudential, accounting terms and as to the requirement of information applicable to the FND, published January 4 2018, published in the DOF November 4 2019	The deadline was extended to January 1 2021 for the application of the NIF B-17 Determining the fair value, C-3 Accounts receivable, C-9 Provisions, contingencies and commitments, C-16 Deterioration of financial assets, C-19 Financial liabilities, C-20 Financial assets principal and interest, D-1 Income through contracts with clients, D-2 Costs due to contracts with clients and D-5 Leasing, issued by the Cinif and referred in Criterion A-2 Application of particular rules of Annex 10 Accounting Criteria for the FND.
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Promotion bodies and entities



The deadline was extended to January 1 2021 for the application of the NIF B-17 Determining the fair value, C-3 Accounts receivable, C-9 Provisions, contingencies and commitments, C-16 Deterioration of financial assets, C-19 Financial liabilities, C-20 Financial assets principal and interest, D-1 Income through contracts with clients, D-2 Costs due to contracts with clients and D-5 Leasing, issued by the Cinif and referred in Criterion A-2 Application of particular rules of Annex 37 Accounting Criteria for Promotion Entities and Infonacot and Annex 38 Accounting Criteria for the Fovissste and Infonavit.	Amending resolution 8 of the Resolution that amends the General provisions applicable to promotion bodies and promotion entities, published January 4 2018, published in the DOF November 4 2019
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Auxiliary credit organizations and activities



The deadline was extended to January 1 2021 for the application of the NIF B-17 Determining the fair value, C-3 Accounts receivable, C-9 Provisions, contingencies and commitments, C-16 Deterioration of financial assets, C-19 Financial liabilities, C-20 Financial assets principal and interest, D-1 Income through contracts with clients, D-2 Costs due to contracts with clients and D-5 Leasing, issued by the Cinif and referred in Criterion A-2 Application of particular rules of Annex 1 Accounting criteria for Bonded Warehouses, Annex 4 Accounting criteria for Credit Unions and Annex 5 Accounting criteria for Currency Exchange Offices.	Amending resolution 32 of the Resolution that amends the General provisions applicable to bonded warehouses, currency exchange offices, credit unions and regulated multi-purpose financing companies (SOFOM E.R.) ( <i>Circular única de intermediarios financieros especializados</i> , CUIFE), published January 23 2018, published in the DOF November 4 2019
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Cross-sectoral



Amendments were made to the Provisions, in order to allow, within the electronic system, the procedure for requests of various authorizations the Commission is responsible for granting; in addition, the latter's denomination was also modified.	Resolution 1 that amends the General provisions applicable to the use of the Electronic System of Authorizations for the organization, operation and functioning of entities, published in the DOF April 15 2019
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Notice that announces the electronic mean through which the results report of the annual audit review will have to be presented, as well as the Compliance manual or equivalent document referred by the various general provisions applicable in terms of AML/CFT, published in the DOF November 1 2019

The notice was issued with the purpose of announcing to the various entities and companies the electronic mean through which they will need to submit to the CNBV the results report of the annual audit review, as well as of the Compliance manual in terms of AML/CFT.

General provisions for the certification of independent external auditors, compliance officers and other professionals in terms of AML/CFT, published in the DOF November 1 2019

A new regulation was issued, one that specifically establishes the requirements and stages of the applicable process so that the CNBV certifies compliance officers, independent external auditors and other professionals in terms of prevention, detection and reporting of acts, omissions or operations that might fall into the category of circumstances described in articles 139 Four or 400 Bis of the Federal Criminal Code, so that said professionals can count on a regulatory body that is orderly, clear and coherent.

Likewise, adjustments to the certificate renewal process were made to make it more flexible, eliminating, among other aspects, the obligation concerning the training and education said professionals needed to have in the subject matter.

In addition, and with the intent to avoid duplicate regulation, the rules concerning the certification of legal entities were eliminated.

Call for the certification in terms of AML/CFT, published in the DOF November 25 2019

We announced the call, bases and dates for the certification process in terms of AML/CFT of compliance officers, independent external auditors, internal auditors and other professionals that provide their services in financial entities and other individuals subject to the supervision of the CNBV.

General provisions that state the days of the year 2020, on which the financial entities subject to the supervision of the CNBV, will have to close and suspend operations, published in the DOF December 20 2019

We announced the days of the year 2020 in which the entities subject to the supervision of the CNBV will have to close, suspend operations and provide their services to the public.

The entities, persons subject to supervision, authorities and public at large are informed of the days on which the deadlines and timetables as part of the procedures that are carried out before the CNBV will not run.

Resolution that determines the days that will be considered as non-working for purposes of the administrative acts and procedures that are processed or that need to be processed before the CNBV, by the entities and companies subject to the supervision of said Commission, as well as by the authorities and public at large, published in the DOF December 19 2019

Internal Regulations

Precisions were carried out regarding the legal codes that grant powers to the CNBV to impose administrative sanctions.

Resolution 5 that amends the Resolution through which the Board of Governors of the CNBV delegates to the President, Vice President for Legal Affairs, General Director for Offenses and Sanctions and Deputy General Directors for Administrative Sanctions A, B and C of the Commission, the power to impose administrative sanctions, published in the DOF December 20 2019



# SUPERVISION

## 2.



### 2.1. Introduction

One of the substantive functions of the CNBV is the supervision of the entities that constitute the financial system in Mexico, as well as that of natural persons and legal entities when they carry out activities foreseen in the applicable laws, in its field of competence. This is a paramount task to secure the stability of said system, encourage its sound development and proper function.

In the following sections, the most relevant topics and activities of 2019 are explained; those that stand out because of the effort and resources allocated to supervisory activities, as well as the most important initiatives that have strengthened said process to make it more and more efficient.

Finally, we follow up on the tasks of substantive, specialized and support supervision, prevention of money laundering, and investigation visits.



2.2  
Entities supervised  
by the CNBV

2/ Currency exchange centers, money transfer companies and SOFOM E.N.R. subject to supervision exclusively in terms of compliance with the rules referred to by Article 95 bis of the LGOAAC and the subsequent general provisions.

By the end of 2019, the CNBV supervised 4,876 operating entities, grouped into 71 legal figures. From this universe, 2,223 entities were object of comprehensive supervision, whereas 2,653 were exclusively subject to supervision in terms of AML/CFT.<sup>2</sup>

The composition of the sectors in the financial system is dynamic. The updated information on the entities supervised can be found on the CNBV website, through the Supervised Entities Registry (PES).

Sector	Nr. of operating entities
Entities supervised in a comprehensive manner	2,223
Holding companies of financial groups	21
Commercial banking institutions (IBM)	51
Development bank institutions (IBD) and promotion entities	16
SOFOM E.R.	41
Auxiliary credit organizations and activities (OAAC) <sup>1</sup>	23
Credit unions	84
SOCAP	156
SOFIPO	39
Other entities from the popular savings and loan sector <sup>2</sup>	7
Brokerage firms	35
Investment funds	666
Securities rating agencies	6
Issuers	655
Stock exchanges and derivative exchanges	3
Central counterparties	2
Institutions for the deposit of securities	1
Other participants of the securities and derivatives market <sup>3</sup>	58
Participants in relevant payment system networks	128
Credit information bureaus (SIC)	3
Investment advisors	122
Other supervised entities <sup>4</sup>	106

Sector	Nr. of operating entities
Entities exclusively subject to supervision in terms of AML/CFT	2,653
Multi-purpose financing companies, non-regulated entities (SOFOM E.N.R.) <sup>5</sup>	1,668
Currency exchange centers	939
Money transfer companies	46
Sum of entities in operation	4,876

Notes:  
1/ Bonded warehouses and currency exchange offices.  
2/ Federations of popular savings and loan entities, Assistant Supervisory Fund of SOCAP and for Protection of its Savers (Focoop), Fund for the Protection of SOFIPO and the Protection of its Savers (Prosofipo) and SOFINCO.  
3/ Makers of the derivatives market, traders participating in the derivatives market, liquidating partners participants of the derivatives market, self-regulatory bodies of the stock market, companies that manage systems to facilitate operations with securities and price suppliers.  
4/ Representative offices and agencies of foreign banks, representative offices of brokerage firms, companies providing complementary or affiliated services (financial groups, banking, auxiliary credit organizations and brokerage firms) and bank-owned real estate companies and brokerage firm-owned real estate companies.  
5/ The number of SOFOM E.N.R. supervised by the CNBV was determined based on the information shown on the website of the National Commission for the Protection of Users of Financial Services (CONDUSEF), concerning the entities that renewed or registered, in accordance with the General Law on Auxiliary Credit Organizations and Activities (LGOAAC). This figure differs from the one contained in CONDUSEF's Financial service providers registration system (Sipres), which is currently in the process of removing entities due to registry cancellations.

Source: CNBV, with information updated in April 2020.

Throughout 2019, the assessment process of capital adequacy (ESC) was carried out for the eleventh year in a row for the commercial banking sector and for the fourth year in a row for the brokerage firms sector. Along with the different institutions that constitute said sectors, we carried out a review of different adverse scenarios that might have an impact on them, as well as a review of the risk management tools they could implement, so that they would have at all times an adequate level of capital, regarding their desired risk profile, business expectations and behavior of the economy.

For Commercial Banking Institutions (IBM), in addition to the scenarios defined by the Commission (supervisory scenarios (ESC-ES)), the evaluation considered scenarios modelled by the institutions themselves based on their economic and business expectations (internal scenarios (ESC-EI)). For the definition of both types of scenarios, the projections were made based on historic information from crisis episodes and on the estimates of macroeconomic and financial behavior for the 2019 - 2021 period.

As a result, the ESC-EI internal scenarios of the IBM were reviewed for the 2018-2020 period. For those institutions in which a potential lack of capital was determined for the

2.3. Relevant topics  
of the year

Evaluation of capital  
adequacy



analyzed periods of financial projections, it was required from them and we followed up on six preventive action plans (PAP), as well as eight capitalization plans (PC) in accordance with the regulation<sup>3</sup>. Currently in analysis stage we have the ESC corresponding to the 2019-2021 period, to determine a potential lack of capital in the IBM for the abovementioned period.

On the other hand, by the end of 2019 ESC activities were carried out for the popular sectors, in order to identify possible defaults in the prudential minimum capital of 10.5%, projecting the capitalization index (ICAP) for the year 2020, for inertial as well as adverse scenarios. Although this type of activities is not mandatory for said sectors in the corresponding provisions, the entities supervised have been briefed as to the importance of including them as part of their capital planning process, with the purpose of raising awareness among them as to implementing strategies to preserve and strengthen their solvency and the sustainability of their business models.

Finally, Development Bank Institutions (IBD) and promotion bodies and entities performed a stress exercise, whose results indicated they maintain an adequate level of capital that allows them to cover the potential losses that could occur in a scenario with adverse macroeconomic and financial conditions.

Throughout 2019, we kept an ongoing monitoring of the information shed by the indicator for liquidity coverage ratio (LCR), reported on a monthly and daily basis by IBMs, as well as of its publication on the CNBV webpage, in order to detect possible liquidity constraints.

From the entities mentioned, seven presented, on one day at least, levels below the minimum required for their group, based on the General provisions on liquidity requirements for IBMs, which is why the Commission conducted acts of authority, in accordance with its powers, to resolve said deviations.

On the other hand, in accordance with what is stipulated in the referred provisions, issued jointly by the Central Bank of Mexico (Banxico) and the CNBV, the minimum levels of LCR IBMs have to abide will increase gradually until they reach a minimum limit of 100%, which will be applicable to them based on the volume of their portfolio and, when applicable, on their date of start of operations<sup>4</sup>.

As to the net stable funding ratio (NSFR), which monitors the maturity profile for liabilities so that it corresponds to the structure of assets of IBMs, throughout 2019, we followed up on the implementation process in terms of its estimate, and we monitored a preliminary estimate, while the corresponding provisions to define their entry into force are issued.

By means of an amending resolution to the CUB, in August of 2017, provisions were issued in terms of identification and performing in-person operations of bank customers, establishing that, as of January 1 2019, the banks will have to comply with them.

Nevertheless, as a result of various dealings with the Banks of Mexico Association (ABM), said deadline was extended in 2018 so that its compliance would start March 31 2020, in those cases where institutions use alternative means to verify the identity of their customers, establishing that no later than December 14 2018, the institutions would present for approval by the CNBV an implementation plan for biometric identification of their customers, specifying their intent to subscribe to the generation of a database of fingerprints proposed by the ABM.

This extension did not apply for the entities that were capable of conducting biometric identification directly and instantly, which is why as of January 1 2019, five IBMs implemented the provisions.

By the end of the year 2018, we received for analysis and, where appropriate, for approval, 31 work plans that will be followed by IBMs to generate the mechanisms for identification verification and to perform in-person operations through biometric data.

In addition, it is worthwhile mentioning that this was not applicable to eleven IBMs, because of the fact that in their current business and operations model, they do not carry out operations with natural persons.

Even though the provisions published in 2017 would come into force as of March 31 2020, throughout 2019 reviews were carried out as to the prudential framework of the provisions, regarding policies and procedures, controls, risks and internal audit, with the purpose of validating user identity when performing operations and services with financial institutions. The reviews included, among others, the following topics:

**Measures implemented to prevent identity theft**

3/ A PAP is required when the result of the ESC-ES leads to the conclusion that a bank shows insufficiencies in its ICAP during the period contemplated in its projections, to the extent that it cannot be classified as category I, in accordance with the provisions of Article 220 of the CUB. When producing said plan, among other aspects, it will have to identify origin and deadlines: based on this, the entity will receive the resources allowing it to cover the estimated losses.

Banks are required to have a PC (capitalization plan) to cover the risk generated when, as a result of the ESC-EI, lack of capital is observed. PCs must include the actions that the institution in question will have to carry out so that its ICAP complies with the parameters established in the corresponding profile of desired risk.

**Evaluation and monitoring of liquidity indicators**

4/ Groups incorporated based on the volume of the credit portfolio of IBMs and on their date of start of operations.

- Files in the origination of loans, in commercial, consumer and housing loans.
- Instrumentation of investments.
- Models to prevent and detect frauds.
- Files when opening deposit accounts.

On the other hand, we approved and followed up on the work plan of three IBDs (Nafin, Banjército and Banco del Bienestar).

## Follow-up on contingency plans

In 2019 and based on the provisions of Article 172 Bis 38 section I of the CUB, the updates to the contingency plans were reviewed for the seven IBMs with local systemic importance, which sent said information in March 2019; as well as that of 43 additional institutions, based on the calendar published by the CNBV, in compliance with the content of the applicable provisions.

In addition, it is worthwhile mentioning that the contingency plan of an entity that started operating in 2019 is currently undergoing the authorization process<sup>5</sup>.

The reviewed plans contain the set of actions that institutions must carry out to reestablish their financial situation, in light of adverse scenarios that could affect their solvency or liquidity; the authorization, when applicable, of the plans and their corresponding updates will be granted by this body, prior opinion of the SHCP, Banxico and the Institute for the Protection of Bank Savings (IPAB).

Throughout 2019, the Commission followed up on the instrumentation of capital restoration plans from six entities of the popular finance sector that placed their level of capitalization between 8% and 10.5% (12% for SOCAP); as well as on the capital restoration plans in six more cases that placed said indicator between 4% and 8%.

Based on what was previously mentioned, for the first time the Commission went ahead and removed the upper management and the management board of an entity whose ICAP sank below 4%, so that a new management and corporate management would instrument a capital restitution program. Likewise, the Commission followed up on the instrumentation of the liquidity contingency plan implemented by a SOFIPO that was affected by situations involving risks to their reputation.

According to the Law that creates the Trust that will manage the Funds for the Strengthening of Savings and Loan Cooperatives and Companies and for the Support to their Savers (Fipago), which mentions in Article 3 that the trust will need to have a Technical committee and establishes who will be its members, the CNBV is one of its members and assists to its sessions. Which is why, in collaboration with this trust, and in order to minimize the impact on the shareholders' equity and to seek to preserve financial services in the communities, alternatives were reviewed in terms of an orderly exit of the SOCAPs that did not obtain authorization from the CNBV to become former members of the popular savings and loan sector, as well as to facilitate the absorption of the savers from said entities by authorized entities.

In this sense, the Commission followed up on the evaluation of basic level SOCAPs and opinions were issued to determine whether the classification of said entities would remain in D level. This was done in order to specify which entities could continue performing savings and loan operations, presenting in a timely manner before the Focoop, through its Auxiliary Supervision Committee, financial information, having the quality level required and holding minimum required capitalization levels and preventive estimates for loan risks; as well as which must suspend said operations and settle.

The CNBV has stood out for pioneering on an international level in the implementation of best practices of supervision, which is why it has established the adoption of technological supervision (Suptech) as a strategic priority: to achieve a more effective and pro-active monitoring of the risk and of regulatory compliance.

The first stage of adoption of Suptech in the CNBV was focused on two main tracks:

1. The construction of a Suptech platform that will support the processes of reception, validation, storage and processing of information, up to generating dashboards of descriptive analytics, especially for the FTI sector and for supervision in terms of AML/CFT.
2. As to supervision methods and processes, conducting concept tests and an initial instrumentation of models of advanced analytics: the former for two entities in terms of AML/CFT, the latter for specific business cases from the popular finance and FTI sectors.

## Orderly exit of SOCAP

## Suptech Platform

<sup>5</sup>/ Recently incorporated IBMs are required to present the referred plans within two months of obtaining the corresponding authorization.

Improvements in the process of reception of information

In order to improve the process of reception of regulatory reports with financial and operational information from the entities supervised, in 2019 we promoted streamlining the handing/taking over process, improving the quality of the information received, as well as complying with the established delivery times. Among the main results obtained, the following are worthwhile mentioning:

- Higher online validation standards to verify the consistency of the information included in regulatory reports sent by brokerage firms and the stock exchange, through the Inter-institutional Information Transfer System (SITI).
- Higher review standards in the quality assessment file of reports with accounting information for the following sectors: credit institutions, brokerage firms, SOFIPO, credit unions, SOCAP, bonded warehouses, currency exchange offices and SOFOM E.R.

Perception evaluation of the state of information security in the financial sector

In 2019, a study was carried out, with the help of the General Secretariat of the OAS, to evaluate the perception of the state of information security in the institutions that constitute the financial sector, to learn about their needs and their maturity level, with the participation of the individuals responsible for information security from 240 entities of different financial sectors.

The study included the participation of IBMs, brokerage firms, IBDs, popular savings and loan entities, IFTs and credit unions. The results of the study were showcased in an event in August 2019, and they are aligned with the requirements that were added in the CUB and in the CUITF.

In addition, with the help of the General Secretariat of the OAS a frame of reference was developed in terms of information security, one that helps financial entities implementing a system to manage information security based on risks, based on international best practices.

Methodologies and tools to strengthen supervision

The CNBV performed adjustments to the monitoring tools and developed new tools to strengthen the balance between the processes of inspection and of monitoring, so that these would contribute in determining in a reliable and timely manner the risks inherent to the entities, considering technical as well as human capital resources, assigning them more efficiently.

The analysis that is made by monitoring is paramount to examine the institutions' financial situation, identify warnings and outline inspection measures by defining the institutions' relevant priorities and risks.

For the commercial banking sector, the methodology to determine the frequency of visits was redesigned, which is why an ICAP prospective indicator was established to define those entities with reinforced supervision. The aforementioned indicator was combined with the risk-focused rating matrix of financial entities (CEFER) of the entities and with the risk profile thresholds, the ESC and the contingency plan, in order to establish the frequency of visits based on the threshold that said prospective indicator might break.

For the sectors of development banking, promotion entities, popular finance and credit unions, the change of strategy led to a redesign with the instrumentation of predictive methodologies to define entities of reinforced supervision and scenarios of capital adequacy. The methodology indicates higher priority to entities with the lowest scores in the map of regulatory compliance and financial situation; consideration of early-warning indicators, and predictive models of capital adequacy.

On the other hand, with the purpose of strengthening the processes of risk-based supervision, new tools were developed to strengthen extra situ supervision and we continued producing existing tools, such as:

- Calculating metrics and inherent risk rating for the CEFER matrix.
- Monitoring of the reserve calculation of all credit institutions and SOFOM E.R. for the timely detection of inconsistencies or of relevant risks.
- Reporting the commercial portfolio's composition, exposure, and the follow-up of limits on operations with related persons.
- Reports on loan risk, as well as liquidity and market risks, including details on the positions of institutions and the risks they are exposed to.
- Determining the degree of systemic importance of IBMs; based on this, a percentage of the total weighted assets subject to risk will be added to the capital conservation supplement constituted with key equity they must maintain.



**Follow-up on the recommendations of the Financial Action Task Force (FATF)**

The FATF is an inter-governmental body that issues recommendations in terms of AML/CFT and performs ongoing reviews among member states, with the purpose of evaluating their implementation levels. These assessments provide a detailed description and an analysis of each country's system to prevent, among other issues, the use of the financial system to carry out illicit activities.

Mexico was evaluated from March 2016 to March 2017 by the abovementioned body, and in January 2018, the FATF published the report of said evaluation, which identifies our country's degree of compliance.

In 2019 there were important advances in the technical compliance of the recommendations issued by the FATF, as well as in the improvement of the effectiveness of the CNBV's actions concerning AML/CFT. We plan to present said advances in the upcoming plenary session of the FATF, among which the following stand out:

- Organization of forums and workshops with the subjects supervised, internal, external auditors and professional associations in order to give continuity to the dissemination actions, with the purpose of complying with one of the recommendations, consisting in sharing the main findings detected during the supervisory activities.
- Issuance of the Anti-corruption Guide, whose purpose is to assist the subjects supervised in the analysis and understanding of the specific risk factors, to help them identify situations that pose a higher risk of money laundering associated with acts of corruption, as a result of their relations with national politically exposed persons (PEP) and vulnerable persons (connected to a PEP), as well as providing elements to improve their ability to manage or mitigate said risks.
- Publication of the reform to the General provisions applicable to financial entities, currency exchange centers, money transfer companies and investment advisors, which was made in cooperation with the Banking, Securities and Savings Unit (UBVA) of the SHCP, and includes modifications to achieve symmetry with the regime foreseen in the provisions of the LRITF, as well as to comply with the observations made by the FATF, including the following ones that stand out: 1) suspend the beginning of the contractual relation (onboarding) of a customer, when suspecting the resources have an illicit origin, and 2) substitute the in-person interview with forms the customer must fill out, when opening accounts or concluding contracts remotely (not on-site).

- Communication with the subjects supervised on various guides disseminated by the oft-cited body, including the following ones that stand out: the Guide to risk assessment of financing terrorism and the Guide to a risk-based approach for virtual assets and providers of virtual asset services, among others. Likewise, in September 2019 the updating of the Guide to generate the methodology for risk-based approach (EBR) was issued.
- Finally, in December 2019 the first Guide to warning scenarios was issued, whose purpose is to suggest some measures so that supervised subjects can implement warning criteria, rules or scenarios, as well as for monitoring and aspects to be considered in the analysis processes.

**2.4.1. Supervision follow-up**

In 2019, 487 inspection visits were carried out, of which 68.99% were regular visits, 25.88% investigation visits and 5.13% special visits. It is worthwhile mentioning that, by type of entity, the visits conducted during the period were applied to a greater extent to SOCAPs, currency exchange centers and IBMs, with 36.14% of all visits. (Annex A. Visits).

From the total of visits carried out, 85.22% were applied to entities under comprehensive supervision and 14.78% to entities exclusively subject to supervision in terms of AML/CFT. In some visits, specialized reviews were also carried out in the following areas: sales practices, operational and technological risk, as well as prevention and detection of financial crimes.

Derived from the visits and monitoring processes that were completed during the year, the CNBV issued 59,063 observations and recommendations and took 4,100 actions and corrective measures. (Annex B. Observations, recommendations and corrective measures).

It is worthwhile mentioning that the entities subject to supervision exclusively in terms of AML/CFT represent 90.81% of all the observations and recommendations issued.

**2.4.2. Substantive supervision**

As part of the ongoing responsibility to supervise the legal entities and natural persons that constitute the financial system, throughout the year various supervisory and monitoring activities were carried out, with the purpose of fostering the entities' stability and proper functioning to protect the interests of the public in general.

**2.4. Supervisory actions**



2.4.2.1. Commercial banking institutions

Composition of the sector

At the end of the period there were 51 operating IBMs, one more than in 2018, as a result of Keb Hana México’s start of operations in February 2019.

On the other hand, in November of the same year, the CNBV’s Board of Governors authorized the organization and operation of BNP Paribas México, S.A., Institución de Banca Múltiple, on condition that said entity obtains the authorization for the start of operations by the CNBV.

Main indicators

ICAP <sup>1</sup>	LCR <sup>2</sup>	IMOR <sup>3</sup>	ICOR <sup>4</sup>	ROE <sup>5</sup>
15.98	204.0	2.2	146.1	15.46

1/ Capitalization index  
2/ Liquidity coverage ratio  
3/ Delinquency rate  
4/ Coverage index  
5/ Return on equity

Source: CNBV, with information provided by the entities in April 2020.

Supervisory activities

Among the main supervisory activities carried out, we maintained those that, due to their importance, are performed in an ongoing manner, highlighting: 1) the follow-up on the adequate implementation and execution of the agreements of the governing bodies; 2) the effectiveness of the internal control system; 3) the risk profiles stated by the entities and their comprehensive management, and 4) the updates to contingency plans, as well as to capitalization and liquidity levels through the monitoring of ICAP and LCR indicators.

In this sense, the banks’ performance and quality of assets and liabilities were reviewed, as well as their risk exposure, such as loan, market and operational risks, all while maintaining a strict monitoring on the intermediaries’ capital adequacy to face them.

Likewise, activities to identify and mitigate in a timely manner the risks that may come up in the institutions were carried out on a permanent basis, such as the analysis of the financial information based on their different reports and business plans.

Also, as part of the definition of the supervisory priorities established for 2019, and based on the profile of each institution, the following activities were carried out, in

addition to the ones mentioned in the section of relevant topics of the year:

- Consumer loan portfolio. Evaluation of the design and supply of products offered by the banks to avoid the over-indebtedness of their customers.
- Fiduciary. Review of the management process for trusts and mandates, due to deficiencies detected in the internal control.
- External auditors. Review of the compliance with the *Circular única de auditores externos*<sup>6</sup>, highlighting the quality of the reports presented by the auditors (request for additional information to the external auditors), amendment to policies and procedures of the audit committee, and reports from this committee.
- Prevention and detection of frauds. Evaluation of the internal control system to detect and address fraud occurrences, as well as of adequacy of the warnings from the fraud prevention system, through: 1) review of the processes, systems and training of the human resources from the area for prevention and detection of frauds, and 2) validation of the quality of regulatory reports R-27 and R-28.  
The application of procedures was also reviewed for: trusts and mandates, guarantees and collection rights, fraud by promoters, management of currencies and securities, fraud in branches and loan process, and the review of guarantees (compliance with Annex 24 of the CUB).
- Cybersecurity. Compliance verification regarding the provisions for information security. Entities were requested to forward information on the Security master plan; inclusion of the projects and initiatives that constitute the referred plan, as well as description of the methodology and tools used to define and prioritize the information security projects, operationally as well as technologically.  
Likewise, with the purpose of validating the referred compliance, an organization chart was required, showing the functional and reporting responsibilities of the Chief Information Security Officer (CISO), as well as the description of his/ her functions, duly authorized, among other aspects.

6/ General provisions applicable to the entities and issuers supervised by the CNBV that hire external auditing services for basic financial statements.

2.4.2.2. Development banks and promotion entities

Composition of the sector

The CNBV supervises various entities whose mission is to boost the country's development through financial activities. Among the main functions of said entities, we have: granting commercial loans (preferably as second-tier banking) and guarantees; provide technical advice and other kinds of assistance; give housing mortgage or consumer loans to workers of the country's formal economy and, finally, promote savings and support the popular savings and loan sectors.

Included among said entities are IBDs, promotion bodies and public trusts that, based on the applicable regulation, are part of the SFM.

In addition, since December 2014, one SOFOM E.R. is also supervised, from the moment said entity established an asset-related tie with a development bank.

Composition of the sector of development banks and promotion entities

Sector served	Development bank institutions	Promotion bodies	Public trust funds	SOFOM E.R.
Agricultural and rural	NA	Financiera Nacional de Desarrollo Agropecuario, Rural, Forestal y Pesquero (FND) <sup>1</sup>	Fideicomisos Instituidos en Relación a la Agricultura (FIRA) <sup>2</sup>	NA
Savings and consumer	Banco Nacional del Ejército, Fuerza Aérea y Armada (Banjército) Banco del Bienestar (antes Bansefi) <sup>3</sup>	Instituto del Fondo Nacional para el Consumo de los Trabajadores (Infonacot)	NA	NA
Industrial, governmental and infrastructural	Nacional Financiera (Nafin) Banco Nacional de Comercio Exterior (Bancomext) Banco Nacional de Obras y Servicios Públicos (Banobras)	NA	Fideicomiso de Fomento Minero (Fifomi)	NA
Housing	Sociedad Hipotecaria Federal (SHF)	Instituto del Fondo Nacional de la Vivienda para los Trabajadores (Infonavit) Fondo de la Vivienda del Issste <sup>4</sup> (Fovissste)	Fondo de Operación y Financiamiento Bancario a la Vivienda (FOVI)	Metrofinanciera, Sociedad Anónima Promotora de Inversión (S.A.P.I.) de C.V., SOFOM E.R.

Notes:  
NA: Not applicable.  
1/ As of January 11 2014, its name changed; it was formerly known as Financiera Rural.  
2/ Made up of four trusts: Fondo de Garantías y Fomento para la Agricultura, Ganadería y Avicultura (Fondo), Fondo Especial para el Financiamiento Agropecuario (FEFA), Fondo Especial de Asistencia Técnica y Garantías para Créditos Agropecuarios (FEGA), and Fondo de Garantía y Fomento para las Actividades Pesqueras (FOPESCA).  
3/ Banco del Ahorro Nacional y Servicios Financieros (Bansefi)  
4/ Institute of Social Security and Services of State Workers (ISSSTE).

Development bank institutions

ICAP	IMOR	ROE	ROA <sup>1</sup>
19.3	1.91	2.46	0.21

Promotion entities

IFP <sup>2</sup>	IMOR	ROE	ROA
15.5	10.7	6.75	1.3

1/ Return on Assets  
2/ Balance-sheet strength index  
  
Source: CNBV, with information provided by the entities in April 2020.

Main indicators

Relevant events of development banking

- On July 19 2019, the DOF published the decree through which various provisions to the Organic Law of the National Savings and Financial Services Bank (Bansefi) were reformed and added, changing its named to Banco del Bienestar, S.N.C. Said entity continued handing aids from the Federal Government's social programs.  
On the other hand, what stands out is the fact that it invested in the stock capital of two investment companies specializing in retirement funds (SIEFORES): Más Pensión SIEFORE Básica Inicial S.A. de C.V., and Más Pensión SIEFORE Básica 90-94, S.A. de C.V.
- Nafin increased its participation in the stock capital of Operadora de Fondos NAFINSA, S.A. de C.V., investment fund operating company.

Relevant events of promotion entities

- Fovissste carried out two stock issuances for \$10 billion MXN and \$4 billion MXN. Among their main features, the following stand out: 1) estimated deadline of 29 years, 2) initial capacity of 25%, 3) the rating agencies Moody's and HR Ratings both gave each of them the rating AAA.mx, and 4) the housing fund yielded 25,134 credits to the trust, worth \$18.67 billion MXN. These operations confirmed that Fovissste is the main issuer of CBFs in Mexico, trust certificates that are backed by mortgage loans and that the housing fund is a recurring issuer in the Mexican market of mortgage-backed bonds.
- Infonavit implemented the program "Responsabilidad Compartida" (Shared Responsibility), consisting in the automatic conversion of credits into number of minimum wages in Mexican pesos, as well as the remission of a fraction of the outstanding balance, converting 185,743 credits throughout 2019.

- In August 2019, Infonacot created a Fund for credit protection, to cover workers due to unemployment, death or total and permanent disability, given that the insurance companies that had been hired to this end did not respect the agreements that had been established.  
It is worthwhile mentioning that this fund does not require the CNBV's authorization. However, a former observation was made, because the fund's creation was not presented to the Board of Trustees. Thereafter, the presentation was made to said Board, noting the creation of the fund and the authorization of the Operational rules and guidelines.
- Fifomi continued supporting the mining sector through loan placement and granting of guarantees.
- FIRA issued its second Bono Verde (Green Bond) for \$2.5 billion MXN to 3.2 years, which included projects aimed at protected agriculture and irrigation, as well as new concepts of forestry and solar investment.

## Supervisory activities

It is worth mentioning that, during 2019, the institutions in general maintained a reasonably stable situation, based on adequate levels of solvency, liquidity and profitability, as well as on satisfactory management of the loan process, of the internal control system and of comprehensive risk management.

As part of the overall supervisory activities, the following inspection and monitoring activities stand out:

- Generating reports for Congress, concerning the financial situation and the risk level of each one of the IBD, FND and public trusts for economic promotion.
- Evaluation of the existence of policies and procedures to prevent, detect and investigate non-ethical conducts that may represent a risk for the entity, as well as the adequate functioning of corporate management and its different bodies and support, audit and internal comptroller areas, through inspection visits.
- Generating quarterly reports on financial and risk analysis, which evaluated the entities' risk level through a risk-based methodology and followed up on relevant events, risks and operations that took place in the entities.

- Evaluating the adequate function of corporate management and its different bodies and support, audit and internal comptroller areas with the purpose of guaranteeing sound management of the institutions' operations, as well as assessing potential impacts on the organizational structure.
- Assessing the adherence of institutions to internal provisions and policies in terms of granting and origination of loans, following the guidelines for evaluation and approval of operations, contained in the respective manuals or programs, with the purpose of guaranteeing placement standards.
- Reviewing the content of reports and opinions from external auditors, as well as compliance with the disclosure requirements, through the entities' webpage.

### 2.4.2.3. Brokerage firms

By the end of 2019, the brokerage firms sector was made up of 35 operating intermediaries. It is worthwhile mentioning that seventeen entities are part of financial groups, and in terms of their corporate structure, thirteen are subsidiaries of foreign financial entities.

In addition, it should be noted that the authorization for the organization and operation of Altor Casa de Bolsa was issued; it still has not started operating.

ICAP	ROE	Operating brokerage firms
26.4	11.5	35

Source: CNBV, with information provided by the entities in April 2020.

- During 2019, the inspection visits focused on the functioning of the reception and allocation systems, compliance with the best execution duty, strengthening of the internal control system and IT security.
- Likewise, two special visits were carried out, in relation to the start of activities in the distribution of investment fund shares.
- In addition, they followed up on regulatory compliance of capitalization indicators and the updating of information involving fraud prevention.

## Composition of the sector

## Main indicators

## Supervisory activities

2.4.2.4. Investment funds

Composition of the sector

The investment fund sector was made up by 666 entities, which presented a 3.76% reduction compared to the year before. Details of these variations are shown in the corresponding section of Annex C (Summary of financial situation of the sectors supervised).

Main indicators

Total assets (trillion MXN)	% GDP <sup>1</sup>	Operators	Funds	Others <sup>2</sup>
\$2,494,578	10.1	38	617	11

1/ Percentage of Gross Domestic Product that total assets of investment funds represent.  
2/ Includes three comprehensive distributors, one referring distributor, two electronic mechanisms for information disclosure, one electronic mechanism for trading shares and two limited operators authorized to value shares.

Source: CNBV, with information provided by the entities in April 2020.

Supervisory activities

- During the period, the Commission reviewed and updated modifications to the information leaflets of those investment funds that added new series, in order to avoid unfair treatments between the investors and discriminatory practices among distributors of investment fund shares, as well as to promote an adequate determining of fees for providing investment services.
- The authorization was granted for the incorporation and function of 20 investment funds, of which five correspond to debt instruments and fifteen to variable income.
- Likewise, eight mergers of investment funds were authorized, of debt instruments as well as of variable income.
- During the year, 301 authorizations of modifications to the information leaflets directed at investors were carried out: 127 of debt investment funds and 174 of investment funds with variable income.

2.4.2.5. Auxiliary credit organizations and activities

In accordance with the LGOAAC, the CNBV is the supervising authority of bonded warehouses, currency exchange offices and SOFOM E.R. (regulated multi-purpose financing companies). The latter can be of four types:

- Those that maintain asset-related ties to a credit institution.

- Those that have said ties to other regulated entities such as SOFIPO, SOFINCO, SOCAP (with levels of operation I to IV) and credit unions.
- Those that issue debt securities under their charge registered in the National Securities Registry (RNV), in accordance with the Securities Market Law (LMV).
- Those that willfully adopted the regulatory regime.

Below, information on the supervision of the aforementioned sectors is presented.

The sector consists of sixteen bonded warehouses with authorization from the SHCP, of which only fifteen are currently operating. The information from thirteen of them is considered here: two entities are not included given that their information is currently under review and the remaining one is not operating.

ROE	ROA	Use of legal ability to certify
9.5	2.4	24.1

Source: CNBV, with information provided by the entities in April 2020.

Supervisory activities maintain a strategy with a risk-based approach to identify, disclose, evaluate and analyze the risks that affect the financial and operational situation, highlighting among other things:

- Verification of the compliance with regulation indicators.
- Follow-up on the results of the inspection visits that, in terms of the provisions applicable, the warehouses must carry out to their enabled warehouses.
- Verification of: 1) the performance of the Enabling unit, regarding the functions it must carry out to mitigate the risks of missing merchandise through the control and review of the visits carried out by warehouse inspectors to their direct or enabled warehouses, and 2) the functions the Enabling committee must carry out, incorporated by the Governing body, with the goal to analyze, approve, monitor, control and manage the risk of operating in direct or enabled warehouses.

Bonded warehouses

Composition of the sector

Main indicators

Supervisory activities



In 2019 seven inspection visits were performed, focused, among other aspects, on verifying the measures implemented to mitigate the risks associated with the certification issued by the warehouses, covered by stored merchandise; the operational and accounting process of said certification, and the follow-up to observations from previous inspection visits.

Currency exchange offices

Composition of the sector

The sector was made up of eight entities by the end of 2019. It is important to point out that in December Única Casa de Cambio, S.A. de C.V. announced its early dissolution, which is why in accordance with Article 87, section IV of the LGOAAC, it requested from the SHCP the revocation of the authorization granted, which at the end of the period reported here, was being processed.

Main indicators

ROE	ROA
9.3	6.6

Source: CNBV, with information provided by the entities in April 2020.

Supervisory activities

The efforts in terms of follow-up and monitoring, as well as in the inspection visits carried out throughout the year focused on the following topics:

- Generating quarterly reports on financial analysis, which included evaluating the operations volume, following up on the entities' risk and on their main financial indicators (liquidity, profitability and solvency).
- Review of adequate information disclosure through the Internet.
- Verification of the entities' operations in adherence to the regulatory framework.
- Addressing opinions and inquiries for the authorization of capital increases and corporate restructurings.
- Verification of compliance indicators, also ensuring that the entities had sufficient liquid resources to meet their immediate payment obligations.
- Review of the existence of control systems for the hiring, settlement and accounting registration of forex trading operations.
- Validation of the information from the accounting systems matching the published financial statements and regulatory reports.

- Verification of proper conformation of the board of directors.

By the end of 2019, the sector of SOFOM E.R. was made up of 41 entities, four less than in 2018, given that during the year one entity was incorporated, four merged and two were deregulated, whose details are described below:

- Invex Consumo, S.A. de C.V., SOFOM E.R, in May 2019, the investment made by Banco Invex in the entity's stock capital was verified, and it started operating in July.

- Globalcard S.A. de C.V., in September 2019, merged with Scotiabank Inverlat.
- Banregio Soluciones Financieras, S.A de C.V., in December 2019, merged with Start Banregio, S.A. de C.V., SOFOM E.R., Banregio Grupo Financiero.
- Financiera Banregio, S.A. de C.V., in December 2019, merged with Start Banregio, S.A. de C.V., SOFOM E.R., Banregio Grupo Financiero.
- Motus Invertere, S.A. de C.V., in September 2019, obtained the authorization to merge with Banco Autofin. As of December 31 2019, the bank's financial statements include the accounting effects of the merger with the figures from the balance sheet presented as of October 30 2019. The merger agreements before the Public Registry of Commerce are undergoing the registration process, which is why, once the referred to enrollment has been completed, the procedures to cancel the entity's registration will be carried out before the CONDUSEF.

- NR Finance México, S.A. de C.V. announced its conversion as a non-regulated entity in September 2019, to remain a S.A. de C.V.
- Posibilitatem, S.A. de C.V. (linked to Financiera Sustentable de México, S.A. de C.V. Sociedad Financiera Popular): in March 2019, its deconversion was approved, to remain a S.A. de C.V.

Multi-purpose financing companies, regulated entities

Composition of the sector

New regulated entity

Merged entities

Deregulated entities

It is worth mentioning that ten SOFOM E.R. consolidate their figures with the IBM of which they are subsidiaries:

Entities that consolidate with IBM	
SOFOM ER	IBM
Tarjetas Banamex	Banamex
Financiera Ayudamos	BBVA Bancomer
Grameen Carso	Inbursa
Financiera Banjío	Banco del Bajío
Consumago	Consubanco
Opcipres	
Finanmadrid	CI Banco
Comercios Afiliados	Banco Pagatodo
Sab Capital	Banco Sabadell
Metrofinanciera	SHF

ICAP	IMOR	ICOR	ROE
16.6	3.12	192.4	14.3

Source: CNBV, with information provided by the entities in April 2020.

Linked SOFOM E.R.  
Supervisory activities

Given that linked SOFOM E.R. have the financial or operational support under the framework of a financial group or IBM, their supervision is focused on detecting in a timely manner inherent risks, which is why the objective of the supervisory actions was to contribute to the balanced development of the sector, in the following topics:

- Commercial portfolio. Supervision of the loan process, which included the investment projects with their own sources of finance, the rating of the commercial portfolio, as well as of a sample of loan files to verify their documentation and guarantees. Likewise, the internal control of mentioned portfolio was evaluated.

- Consumer loan portfolio. Verification of the process of loan origination, of the rating of payroll, personal and automotive portfolios, as well as follow-up and control over these in terms of crops, deterioration and recovery strategies.
- Capitalization. Verification of compliance with regulatory limits established for the ICAP, as well as review of the process and inputs that generate it, including: 1) concepts that constitute the core capital; 2) weighting of the assets subject to loan risks (ASRC) and assets subject to market risks (ASRM), and 3) estimation of operational risk requirements.
- Identity theft. Follow-up on the actions that the entities implemented to comply with the provisions in terms of identity theft.  
In this sense, at the end of 2018, 18 work plans were received for analysis and, where appropriate, approval; plans which will be followed by SOFOM E.R. to develop identification verification mechanisms and to carry out in-person operations through biometric data.  
As a result of this, it is worth mentioning that two SOFOM E.R. implemented the provisions as of January 1 2019, whereas for six these were not applicable, given that those six do not carry out operations with natural persons.
- External auditors. Review of the elements necessary to qualify as an independent auditor, and evaluation of reports and working papers including: 1) audit proficiency and scope; 2) procedures applied to perform the audit; 3) release of various statements and reports, and 4) generation of the disclosure matrix.
- Prevention and detection of frauds. Evaluation of the internal control system; adequacy of the warnings; review of the application of procedures; guarantees; as well as of the claims and loss events reported by the entities.

As to the SOFOM E.R. that issue debt securities under their charge, registered in the RNV, as far as presentation of the ICAP is concerned, this is not applied to them, in accordance with section V of Article 87 D of the LGOAAC. These entities comply with the CUB, solely for the following subjects:

Issuer and voluntary  
SOFOM E.R.  
Supervisory activities

- Rating of loan portfolio and creation of preventive estimates based on loan risk.
- Disclosure and presentation of financial information and external auditors.
- Accounting.
- Prevention of transactions with resources that are likely to have an illicit origin.

Supervisory activities for Issuer and voluntary SOFOM E.R. focused on:

- Generation of quarterly reports based on financial analysis, which include the evaluation of operations volume, follow-up on the entities' risk and on the main financial indicators.
- Review of adequate information disclosure through the Internet.
- Follow-up on the operations of entities and verification of their adherence to the regulatory framework.

2.4.2.6. Credit unions

By the end of 2019, the sector was integrated by 84 entities (71 with operation level I and thirteen with operation level II<sup>7</sup>). Throughout the year, two entities were reinstated in the sector after their authorization revocations that had been issued by the CNBV were cancelled. Likewise, one entity became a SOFOM E.N.R.

IMOR	ICOR	ROA	ROE	ICAP
4.9	52.5	1.2	7.3	20.05

Source: CNBV, with information provided by the entities in April 2020.

In addition to *extra situ* supervision, which encompasses, among other elements, the analysis of the financial information forwarded by financial entities, 24 *in situ* regular inspection visits and one special visit were carried out to determine appropriate compliance with regulation indicators, as well as to assess the risks to which they are exposed.

Likewise, the development of the following activities was deemed a priority to strengthen the sector:

- Prospective exercises of capital adequacy. In terms of early warnings for credit unions, an ESC-ES exercise with adverse scenarios was played out, to determine which entities could default on the regulatory minimum capital of 10.5% (in accordance with the recommendation from Basel III). The entities exposed to this risk were notified of this, and management and the board of directors were asked to analyze this adverse scenario in prudential terms and to define the actions they could implement, in case this were to become true.
- Reinforcing the evaluation of mitigating factors. New aspects of regulatory compliance were incorporated, derived from the entry into force of the external audit provisions, and of principles or best practices that are not included in the mitigating factors evaluation of the CEFER matrix for credit unions. On the other hand, the counterpart, market and operational risks were incorporated into the CEFER.
- Outreach with the sector. The methodology of the CEFER matrix and the sector's map of risks were presented in various forums with the sector, in addition to the general status of the sector, as well as the ICAP and ESC-ES stress exercises, when facing adverse scenarios. In addition, weekly presentations were made to 34 supervised entities to disseminate in detail the aforementioned elements.
- Follow-up on the compliance of the internal control system (SICOI). Compliance of the SICOI was verified by reviewing the policies, procedures and internal control reports to ensure the entities adhered to the regulations applicable to them.

Supervisory activities

Composition of the sector

7/ Credit unions are classified in three operation levels, based on the minimum capital registered and paid. The authorization to operate on levels II and III is processed before the CNBV, in accordance with Article 43 of the Law on Credit Unions (LUC). To carry out factoring operations and financial leasing, as well as to grant financing to other credit unions, these must be authorized to operate as level II or III. To conduct operations as a trustee in guarantee trusts, they must be authorized to operate with level III.

2.4.2.7. Popular finance

The popular finance sector provides financial services to the low-income and popular sectors unattended by traditional banking, thus offering an alternative for financial inclusion. In order to provide adequate protection to the users that save in the institutions that make up the sector, the Commission has strengthened the supervision mechanisms, and has promoted schemes to address in a timely manner the entities in trouble.

Savings and loan cooperatives

Composition of the sector

By the end of fiscal year 2019, 156 entities continued to operate. In June 2019, the Board of Governors of the CNBV unanimously agreed to annul the authorization granted to Redfin S.C. de A.P. de R.L. de C.V. to conduct savings and loan operations as SOCAP, as required by the Law to Regulate the Activities of the Savings and Loan Cooperatives (LRASCAP), derived from the process of merger by incorporation, held with Caja Popular La Providencia, S.C. de A.P. de R.L.

In August 2019, Cooperativa de Ahorro y Préstamo Renacimiento Costa de Oro, S.C. de A.P. de R.L. de C.V. was notified of the deadline set for revocation. By the end of the fiscal year, said procedure was being processed.

NICAP <sup>1</sup>	ROA	ROE	IMOR
294.7	2.63	14.74	4.26

1/ Level of capitalization  
Source: CNBV, with information provided by the entities in April 2020.

Supervisory activities

The monitoring activities and the inspection visits were conducted to verify compliance with the legal and regulatory framework applicable to SOCAPs, as well as the evaluation of the risks to which they are exposed, including discretionary and non-discretionary risks; as well as the functioning of the internal control system, the level of profitability and capital adequacy. In addition, corporate management and its different bodies and support and audit areas were evaluated, with the purpose of learning the degree of adherence of these entities to principles or best practices, to determine the risk rating based on the CEFER methodology.

Also, as part of the supervisory process, the SOCAPs' strategic and business plans were followed up on, particularly in terms of the generation and follow-up of the budget and

placement strategies, with the purpose of evaluating their potential impact on the solvency and operation of said entities.

As a result of the supervisory activities, the following activities stand out:

- Extension from two to three weeks of the inspection visits cycle, to permanently free up supervision resources from the monitoring tasks, as part of a preventive and early-warning approach.
- Adaptation of the CEFER methodology, which incorporates in the rating, the counterpart, market and operational risks. For every quarter, all aspects to be reviewed among the mitigating factors with prudential level were evaluated, as well as their principles. It is worthwhile emphasizing that, throughout 2019, the CEFER matrix was generated every quarter, for all the supervised entities.
- Completion of 69 meetings with the entities supervised, in order to present the mentioned methodology, which allowed an outreach with their main managers.
- Generation of institutional reports for the entirety of the authorized entities, derived from the modification of the selection criteria for their generation. Previously, the report was only generated from a sample of entities considering, among other factors, the amount of assets, capitalization level (Nicap), profitability and the rating of financial reasons.
- Calculation of the standard deviation of the variations in the Nicap of the past quarters for SOCAPs, to determine which ones of them were at risk of reducing said indicator, which in turn could place them in category 2 or higher, under a stress scenario. The supervised entities placed in the mentioned risk were required, by means of an official letter, to present information to this effect, as well as the generation of a capital projection exercise.
- Establishment of collaboration mechanisms with other bodies such as the sector's professional associations, the Focoop and the trust that will be managed by Fipago, with the purpose of strengthening monitoring processes, avoiding duplications and generating economies of scale, among which the following stand out: work meetings, seminars and information exchange, mainly in relation to best practices in supervision with risk-based approach, interpretation of accounting and regulatory criteria, verification of financial information from regulated entities, schemes of sector consolidation and orderly exits, as well as participation in the sessions of Fipago's Technical Committee, among others.



- Issuance of opinions to establish whether the classification in D of basic level entities subsists, in order to determine which ones will be able to continue carrying out savings and loan operations because they presented financial information to the Focoop's Auxiliary Supervision Committee in a timely manner, they have the quality level required and also possess minimum required capitalization levels and preventive estimates for loan risks; as well as those that should suspend said operations and settle.
- Publication in the CNBV website of the Nicap of each one of the SOCAPs that constitute the sector, as well as of the entities with basic level that were classified in D by the Focoop.

### Popular financial companies

SOFIPOs are entities, incorporated as variable capital corporations, oriented towards promoting popular savings and loan, among customers and public at large from low-income and social sectors that are unattended by other financial intermediaries.

Likewise, they are supervised by the CNBV and, in an auxiliary capacity, by the federations, which are public interest institutions, with legal personality and own capital.

By the end of fiscal year 2019, the sector was composed of 39 operating entities. The sector's financial situation was not favorable in this fiscal year, given that most entities have not reached the break-even point, showing negative profitability (ROE of -6.95%), low quality of the loan portfolio and high management expenditure.

Despite the fact that the sector's Nicap reached 206.9%<sup>8</sup>, the sector is very sensitive to the impacts of an adverse scenario in the economy, such as a drop in the rhythm of the economic activity, deterioration in the level of employment and increased inflation, which makes the solvency level very volatile.

In addition, the sector is exposed to reductions of liquidity and flights of savers, given that it has few alternative sources of finance and shows a state of concentration in the main customers.

8/ This value is equivalent to an ICAP of 17.1%.

NICAP	IMOR	ICOR	ROA	ROE	ILIQ <sup>1</sup>
206.9	12.1	103.6	-1.45	-6.95	37.57

1/ Liquidity ratio  
Source: CNBV, with information provided by the entities in April 2020.

### Main Indicators

Among the main supervisory activities carried out, the following stand out:

### Supervisory activities

- Reinforcement of sector supervision, increasing scope and activities contemplated in terms of monitoring, as well as improvements to the methodology for completion of visits, focusing on risks. The Commission delved deeper into the risk assessment and mitigating factors of the CEFER matrix, taking into account the opinion of the entities supervised as to methodology and rating.
- Completion of special inspection visits, in addition to the ones programed, which considered elements other than the risk rating, including the Nicap forecast, operation level and prudential level, as decisive factors to establish the frequency of visit.
- Generation, authorization and follow-up of the capital conservation and restoration plans, as well as of the actions and corrective measures for those entities with a Nicap below 131%, which corresponds to category 1.
- Completion of ESC when facing adverse scenarios, to estimate those entities that could be at risk of not complying with the Nicap corresponding to category 1. Information was requested from those entities that found themselves in this group, more than 40% of the sector, as well as completing a capital planning exercise, with preventive actions to preserve the capital buffer, before issuing early warnings.
- The entity with the highest participation in the sector reported an event that affected its reputation, which in turn caused its savers to pull out and a drop in its liquidity ratio. In order to preserve its liquidity, the follow-up was performed with more reach and higher frequency in terms of its monitoring, as well as in terms of extending the verifiable areas and the depth of the reviews in the inspection visit carried out in the fiscal year.

2.4.2.8. Investment advisors

Composition of the sector

The CNBV regulates and supervises natural persons or legal entities that, without being stock market intermediaries, provide on a regular and professional basis portfolio management services, and that offer consultancy in securities investment, analysis and investment recommendations in a personalized manner. They have the obligation to register themselves before the Commission as investment advisors.

In this sense, by the end of 2019, the sector was composed of 122 investment advisors. During the period, the Commission contributed to registering twelve new advisors, of which three were natural persons and nine were independent legal entities and, on the other hand, at the behest of two advisors, cancelled their registrations.

Main Indicators

Assets managed	Customers	% GDP	Advisors registered
\$631,254	12,500	2.6	122

Source: CNBV, with information provided by the entities in April 2020.

Supervisory activities

Among the main supervisory activities carried out, the following stand out:

- Completion of eleven regular inspection visits, distributed between one natural person, nine independent legal entities and one non-independent legal entity.
- Evaluation of the investment services provided; level of compliance with the investment services provisions; risks and conflicts of interest when providing their services, and the controls and policies implemented, among other activities
- Coverage, through regular inspection visits, of 9.01 % of total advisors registered, which, based on the information provided through regulatory reports by the end of the fourth quarter of 2019, concentrate 14.26% of the assets managed and as a whole provide services to more than 390 clients.

2.4.2.9. Financial technology institutions

Composition of the sector

Technological innovation has generated the rise of companies that, through the use of new digital and disruptive technologies, offer financial products and services to the population, such as new schemes for financing, savings, investment, payment models and e-commerce, through the efficient use of digital channels and taking advantage of the widespread use of the Internet and of mobile devices. This, in turn, has contributed to improving the living standards of the population by promoting financial inclusion, as well as more financing for micro, small and medium-sized companies, thus encouraging the country's economic growth and the social wellbeing of the population.

In light of these new participants in the financial sector, combined with the ongoing evolution and rise of new technologies providing financial services, in March 2018 the LRITF was published in the DOF. This Law does not seek to regulate all the activities involving the provision of financial services based on innovative technologies, but rather only those that represent a risk to the assets of their users, which is why it contemplates two types of FTI:

- CFI. They bring into contact persons from the public at large, through software applications, interfaces or web pages, with the purpose of providing resources to fund a loan to a person or to a business (debt); subscribe shares from a company (capital), or to contribute to financing a project, in exchange for a part of the profit or for an economic benefit generated from the development of the project (co-ownership/royalties). Generally speaking, they are known as crowdfunding platforms.
- EPFI. They offer services that issue, manage, redeem and transfer electronic payment funds, upon receipt of the amount of money they receive from their customers, so that the customer can accumulate resources and thereafter dispose of them, to make payments and electronic transfers.

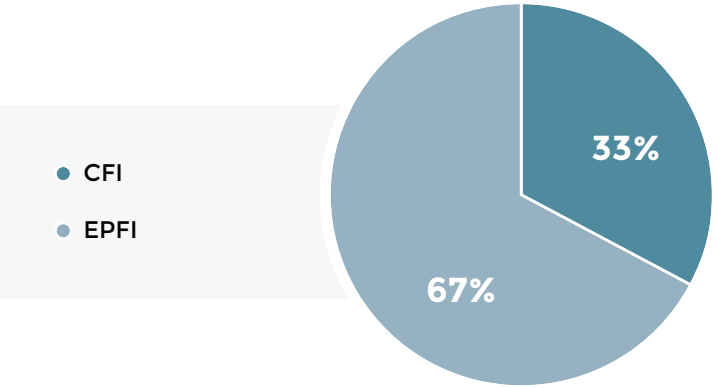
In addition, the LRITF allows for the exchange of financial data that are open, aggregated and transactional between financial entities, other subjects supervised by the financial authorities and third parties specializing in information technologies, through standardized application programming interfaces known as APIs.

This type of scheme is also known as open banking; its purpose is to improve the access of users to financial services in terms of the search processes for financial products and services, as well as the consolidated management for those hired with different service providers, among many other uses.

During 2019, the review process began, in operational, financial and administrative matters, of the authorization requests presented by those companies that carry out one of the activities reserved for FTIs. This was because on September 25 the deadline was reached for companies that were operating under the protection of Transitory Provision 8 of the LRITF to present their authorization request and, this way, be able to continue with their operations.

In this sense, by the end of 2019, a total of 95 requests were received and analyzed, not only from operating companies, but also from newly created companies, of which 64 correspond to EPFI and the rest to CFI.

Authorization requests



During 2019, actions were carried out, designed to foster and boost the fintech sector; specifically, those entities that offer financial services using technological innovations and that perform activities established in the LRITF.

- Collaboration with Banxico working on the publication of the General provisions for EPFIs, concerning electronic means, hiring of third parties, information security, among other aspects.
- Development of methods and procedures for the supervision of FTIs, considering the design of the CEFER matrix for said institutions.
- Strengthening of the relationship between the CNBV and the fintech sector, through more than 270 meetings with 215 platforms, in which, in addition to learning about their business models, we cleared up the doubts and concerns that the platforms had regarding application of the LRITF, as well as on the process and the request for authorization. As a result, we found that, out of the 215 platforms, only 158 conducted or intended to conduct activities stipulated in the LRITF.

During the reference period, the Commission continued to work on the design and development of the Suptech Platform, which takes advantage of the technological innovations on which FTIs are based, in order to modernize its supervision process, by dynamically compiling granular data, as input for basic and advanced analytics models that allow efficiently detecting patterns of non-compliance and risks, using APIs and big data.

Based on this, the Commission continues to work on developing the APIs of the Suptech Platform and their implementation in a productive setting, so that authorized FTIs are able to send their financial information for real-time monitoring and supervision by the CNBV.

Supervisory activities

Suptech Platform

Composition of the sector

2.4.2.10. Credit information bureaus

SICs are the financial entities that offer services compiling, handling and delivering information concerning the credit behavior of natural persons and legal entities, information which is provided by the loan grantors.

SICs play a relevant role within the credit granting process, given that they help mitigate the risks caused by asymmetric information<sup>9</sup> existing between credit grantors and credit consumers. This allows for better allocation of the resources directed at credit granting.

Among the main benefits offered by the information advanced by SICs:

- Risk reduction. Thanks to the existence of information on the compliance degree of customers with their credit obligations, an efficient allocation of credit resources is fostered.
- Incentivizing healthy conducts. Promotes among credit consumers compliance with their credit obligations, given that the latter acknowledge the fact that a good credit history helps them obtain future credits and/or better rates.
- Reasonable credit supply. Fosters credit granting, given that loan grantors have reliable information on the credit behavior of potential customers.

There are three SIC<sup>10</sup> currently operating in the financial system, whose incorporation and operation are regulated by the Law to Regulate Credit information bureaus (LRSIC), and that are supervised by the SHCP, CNBV, Banxico, CONDUSEF and PROFECO.

Likewise, the Commission has under its supervision financial entities, as users of SICs, which provide information or carry out inquiries before the latter. By the end of 2019, there were 394 financial entity users<sup>11</sup> subject to the supervision of the CNBV.

Among the main supervisory activities carried out, the following stand out:

Supervisory activities

- Completion of regular inspection visits to six financial entities users subject to the supervision of the CNBV, and to the three SICs.
- Evaluation of the responses of the financial entities users to the corrective measures derived from the different inspection visits performed during 2019 and in previous fiscal years.
- Query on the credit histories of more than 1,928 persons that were proposed as advisors and managers of financial entities, so that the CNBV has sufficient elements to verify that the persons partaking in the financial system, comply with the requirement of having a satisfactory credit history.
- Verification of financial entities as loan grantors to ensure they requested from customers their authorization to consult their credit history. Said entities were requested to forward information to the CNBV's supervision areas, as a result of audits carried out by SICs in which they identified possible omissions in said authorizations.
- Authorization of the modifications to the Operational manual of one SIC, which included the procedures to verify that the information from the credit operations it receives from its users, complies with the requirements said SIC requires for this information to be added to its database.

2.4.2.11. Representative offices of foreign financial entities

In the country there are 38 representative offices of banking institutions from twelve different countries operating, established under the protection of Article 7 of the LIC, whose main activity is the promotion of credits from the banks they represent. Throughout 2019, two new representative offices of Swiss origin were authorized, and at their behest, three representative offices were revoked (one of Swiss origin and two from the US).

Representative offices of banks

9/ Asymmetric information refers to one of the parties not having the same information as the other party; in other words, the creditors are not able to know the characteristics of the borrowers, which leads to companies hardening their credit granting policies, causing among other effects, adverse selection and moral risk.

10/ Círculo de Crédito, S.A. de C.V., Trans Unión de México, S.A., and Dun & Bradstreet, S.A. These last two operate jointly under the Buró de Crédito brand.

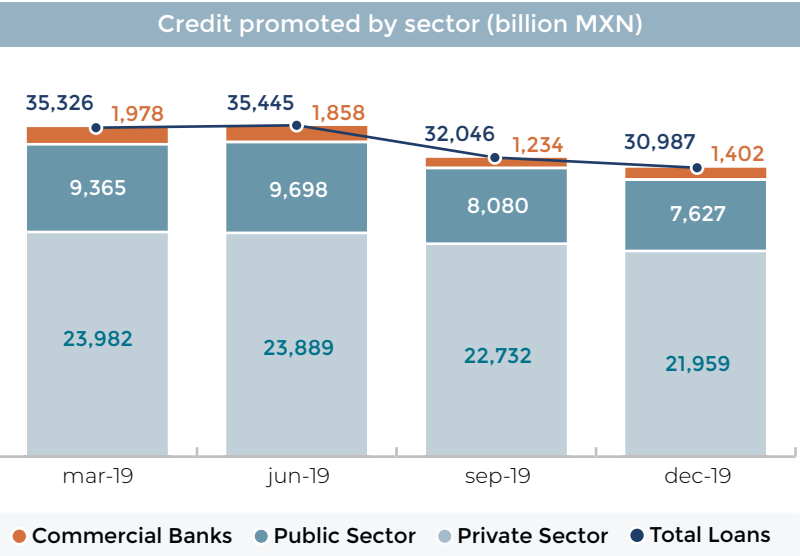
11/ Entities users of SICs: IBM, IBD, credit unions, SOCAP, SOFOM E.R., SOFIPO, public trusts for economic financial promotion and promotion bodies.



The main sector on which the promotion of credits is focused, is the private sector, which represents 70.9% of the total portfolio promoted, followed by the public sector (24.6%) and the commercial banking sector (4.5%). The representative offices place credits in private market niche sectors, such as the automotive, manufacturing, construction and agrobusiness industries. Compared to 2018, the total credit promoted by the representative offices decreased 10% in 2019.

Supervisory activities

Throughout 2019, the supervision focused on monitoring compliance and adherence to the rules established in the regulations and the compliance in the delivery of periodic information, as well as on the analysis of the representative offices' quarterly behavior. In terms of inspection, fourteen regular inspection visits were carried out.



Representative offices of brokerage firms

The sector of representative offices of foreign financial entities of brokerage firms was composed of two entities; however, one of them is currently undergoing the process of revocation. Its operation is focused on managing and completing administrative procedures, associated with the placement of securities from national issuers abroad, in which the foreign financial entity it represents intends to intervene.

Supervisory activities

- Throughout 2019, one inspection visit was conducted
- The monitoring activities focused on evaluating the semi-annual report of activities presented by the representative offices, as well as on verifying their regulatory compliance.

2.4.2.12. Participants in payment system networks

The objective of the supervision of the sector of participants in payment system networks is the review of compliance within the limits of the Law for the Transparency and Regulation of Financial Services and the provisions derived from it, with the purpose of ensuring the transparency, efficiency of the payment system and protection of the public's interests, as well as ensuring that said participants act based on the principles of promotion of the competition, free access, non-discrimination and protection of the users' interests.

At the end of the year, the register of participants in payment system networks is integrated as follows:

Relevant participants	Nr. of participants
Issuers	84
Specialized companies	9
Acquirers	23
Aggregators	37
Trademark owners	3
Total of participants	128

Source: CNBV.  
Note: One participant can perform more than one activity, which is why the sum by categories may not match the total number of participants.

During 2019 two issuers, two acquirers and five aggregators joined the register of participants in payment system networks, while four issuers and one aggregator stopped operating.

Supervisory activities

Among the main supervisory activities carried out, the following stand out:

- Completion of four regular inspection visits: to two participants that perform activities as issuers and acquirers, to one specialized company and to one aggregator. As a result of the visits, 23 observations and ten recommendations were issued.
- Monitoring the compliance of 20 participants in payment system networks, verifying their processes for claims, fraud prevention, business continuity and contractual disputes. As a result of said monitoring, 43 observations and two recommendations were issued. On the other hand, as a result of monitoring acts, the Commission issued 38 observations to different participants in the card payment network, which were mainly due to non-compliance in the delivery of information of 3rd and 11th of the General provisions applicable to the payment system networks.
- Participation of the CNBV in the Electronic Payment Means Promotion Program launched in 2017. The main paths of analysis of this program are: security, innovation, financial inclusion, and protection to users, among others. Furthermore, the Commission participated in meetings with Banxico and the members of the Clearing Houses Committee to improve the procedures and protocols in the operation and settlement of card payments.

2.4.3. Specialized supervision

2.4.3.1. Operational and technological risk

During 2019, 24 inspection visits were made to verify the adequate management of the operational risk, including the technological risk, tackling the issue of how to address the errors in the technological infrastructure. In 79% of the visits, aspects involving technological risk were reviewed, in 4% the operational risk was supervised, and in 17% aspects involving both types of risks were reviewed.

- The visits in terms of operational risk were focused mainly on: 1) the evaluation of the methodologies, policies and procedures that ensure compliance of comprehensive risk management; 2) the registration of loss events, and 3) the effective use of the schemes and application of the methods that make up the calculation of the entities' capital requirement due to operational risks.

- The visits focused on technological risk consisted in reviewing compliance with the provisions involving contingency plans, computer audit, information security, technological infrastructure and management of information technologies, among other topics.
- Likewise, during the visits to the IBM sector the improvements presented in the work plans were verified, or when applicable, the mechanisms and controls involving compliance with the Provisions for client data identification, known as identity theft. Likewise, the mechanisms for monitoring the warnings issued by fraud prevention systems and the strategies implemented for the analysis and ruling of monetary claims were supervised.

As to authorization procedures or requests, the following topics stand out:

- Review and approval of the work plans to develop mechanisms verifying the biometric identity of persons that hire or carry out operations in terms of prevention of identity theft, with the purpose of complying with the provisions no later than in March 2020; as well as the review of the quarterly reports sent by each entity with the respective advances in said plans.
- Participation in the authorization process of FTIs.
- Issuance of favorable opinions in terms of operational and technological risks in the authorization processes of three new financial entities.
- Authorization of standard methods of capitalization requirements due to operational risk to four financial entities.

In addition, various related activities were carried out, such as:

- Reviews and prompt follow-up, regarding operational interruptions or contingencies that occurred in the entities due to errors in their technological infrastructure or during the activation of their business continuity plans, based on the impact and severity of each event.

- Participation in the implementation of new validators in the SITI for regulatory reports R27 (claims) and R28 (operational risk), as part of the ongoing improvement of the quality of information.
- Completion of calculation exercises for capital requirement due to operational risk with the new business indicator method or the standardized measurement approach (SMA), in compliance with international standards for operational risk established by the Basel Committee, as well as participation in the development of regulations focused on the use of SMA for credit institutions.
- Finally, regarding the Quantitative impact study (QIS), as part of data monitoring in the Basel Committee's task force in terms of operational risk, the Commission participated actively in the review of the exercises performed in 2019.

#### 2.4.3.2. Cross-sectoral supervision in investment services

Throughout 2019, the following elements were evaluated: 1) level of compliance with provisions for investment services; 2) compliance of the entities with the integration of periodic information according to their business operations; 3) conflicts of interest when providing their services; as well as 4) verification of the behavior of investment service providers, among other activities.

Assets under investment services <sup>1</sup>	% Variation <sup>2</sup>	% of GDP <sup>3</sup>	Entities supervised in the matter
\$20,293,413	11.5	83.72	98

1/ trillion MXN

2/ Variation in percentage regarding Q4 2018

3/ GDP amount: \$24.24 trillion MXN at current prices Q4 2019, Source: National Institute of Statistics and Geography (INEGI)

Source: CNBV, with information provided by the entities in April 2020.

### Supervisory activities

Among the main supervisory activities carried out, the following stand out:

- Completion of eight regular inspection visits: two to IBMs, three to brokerage firms, two to investment fund management companies for debt instruments and variable capital, and to one distributing company of investment fund shares.

This allowed giving coverage to 11.22% of said entities and to 57.44% of portfolios under investment services, integrated by all the sectors that provide these services<sup>12</sup>.

- Completion of special visits to two brokerage firms and to one IBM, as part of their authorization process, to conduct the distribution of investment fund shares, in order to verify they possess the internal control mechanisms required to provide investment services associated with this activity.
- Monitoring in terms of analysis of the bi-annual reports on the findings of the person in charge of monitoring compliance with the CUFI.

12/ Credit institutions, brokerage firms, investment fund management companies and distributors of investment fund shares.

#### 2.4.3.3. Supervision of information security

During 2019, notifications of different information security threats were addressed, threats that could have turned into attacks on different services and channels of entities from the financial system. These situations confirm that cybersecurity threats to the financial system have increased, and the assailants are more and more organized.

In light of these threats, the CNBV has followed up on identification, containment and solution actions, in order to prevent incidents from happening and strengthening the financial system's information security.

In this sense, there was an active participation in remote monitoring activities, supporting operational and technological risk visits. Likewise, as part of the visits to IBMs, the Commission reviewed the operational interruptions or contingencies that occurred in the entities due to errors in their technological infrastructure, or the activation of their business continuity plans, based on the impact and severity of each event.

Through requests issued to the regulated entities, the Commission followed up on the proofs that demonstrate compliance with the implementation of controls in terms of information security established in CUB, among others:

- Designation of the CISO that, on the one hand, can work independently from operational and technology areas and, on the other hand, that has a second level position in the entity.

### Follow-up on the topics of information security with the entities

### Requirements for compliance with safety regulations



- Updating of incident databases, for correlation and early identification of intrusions.
- Sending to the CNBV reports of intrusive events, with the purpose of preventively informing the sector in a timely manner.
- Generation and follow-up of a Security master plan that integrates and prioritizes the information security projects aligned with the business objectives.
- Completion of vulnerability and pervasiveness tests on critical systems, performed by certified third parties.
- Execution of information classification exercises, to establish controls based on their degree of risk.

## Communiqués, bulletins and warnings

On a permanent basis, the CNBV is constantly analyzing various threats, vulnerabilities, incidents and other statements it receives from the entities, other authorities and other various sources. As a result of this analysis, the Commission generated three types of statements addressing the entities supervised, professional associations and other financial authorities:

- 16 bulletins: information of interest and of a preventive nature.
- 21 communiqués: data on potential vulnerabilities in infrastructures and software applications.
- 2 warnings: information on incidents that are highly relevant for the sector, and that require instant actions.

All the cases included recommendations for the identification, prevention or response to events, with the purpose of preventing them from occurring.

## Information Security Sensitive Incident Response Team (GRI)

The CNBV, in cooperation with the SHCP and other authorities, has met periodically to honor the Principles for Strengthening Cybersecurity in the Mexican Financial System, subscribed on October 23 2017, through the GRI.

Throughout 2019, the group had several work sessions, and it has gradually signed up new members. In these sessions, different topics of common interest were

addressed, such as the establishment of reinforced policies on security, threats, attack patterns, and recommendations on prevention.

Likewise, it is important to point out that, as part of the proposals to continue building the GRI's organization foundations, the group has gradually generated its statutes as well as its protocol. These are being reviewed and will be subsequently relayed to all the authorities that constitute the GRI, so as to be able to conduct these working sessions with all the final documents the group voted for, to organize and protect the sense of urgency and stealth that constitute the spirit of its creation.

## Participation in groups to tackle cyber frauds

In 2019, the CNBV and Banxico carried out monthly meetings with the members of the ABM Cybersecurity committee and the Unit of Cybernetic Investigations and Technological Operations of Mexico's Attorney General Office (FGR), with the purpose of exchanging experiences, methodologies and action frameworks.

In these meetings the results from the analysis of different threats were presented, and relevant data was shared as



to the most common *modus operandi*, as well as in terms of recommendations and actions to prevent new incidents.

This committee seeks to prioritize the collaboration and the swift and unhindered exchange of technical information necessary to prevent and contain cybernetic attacks and protect the financial system as well as its users, ensuring the stealth of the information shared.

Authorization processes

With regard to the participation in authorization processes involving information security, the following activities were carried out:

- Collaboration in developing the guidebook of authorization requests for the organization and operation of FTIs, in the topics referring to information security.
- Participation in the review and analysis of 89 authorization request files from FTIs, in order to issue an opinion on the feasibility of each project in terms of information security.
- Addressing opinion requests and queries regarding authorization processes for the hiring of services with third parties, the hiring of commercial commissions (commission agents) and approvals for the hiring of products remotely, all related to information security.

2.4.3.4. Stock markets

Capital market

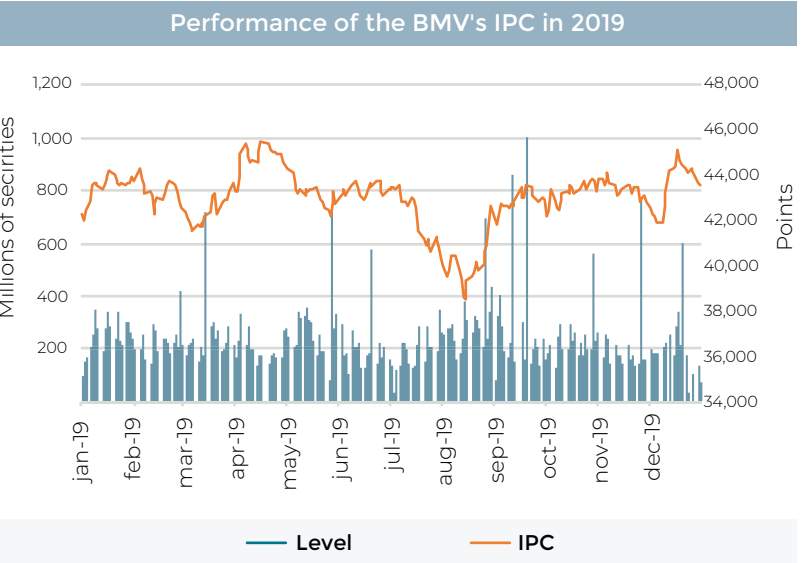
Throughout 2019, global markets kept their expectations in terms of factors involving the downturn of the global economy, the trade war between China and the United States, and the monetary policy followed by the US Federal Reserve.

In this context, the Mexican Stock Exchange Index (IPC) of the Mexican Stock Exchange (BMV), showed a lateral trend between 41,551.75 and 43,657.48 units; presenting a nominal variation of 5.07%. It reached its highest level on April 17 2019 reaching 45,525.29 units, whereas its lowest level was recorded on August 15 with 38,574.18 units.

During the second quarter of the year, it showed a downward adjustment of roughly 9.0%, which could be understood as an effect derived from the reduction in the reference rate by 25 base points (pb) applied by Banxico, which acknowledged a stronger downturn in the national

economy; thereafter, said index showed an upward trend at the end of Q2.

In this context, the BMV's IPC reported an accumulated nominal gain of 4.56%, which meant a positive variation of 1.75% in real terms, and an accumulated increase in USD of 14.71%, positioning itself at 43,541.02 units.



As part of the supervision of the Mexican stock market, the CNBV analyzes its evolution and constantly monitors its behavior.

Likewise, it verifies the full and timely disclosure of the relevant information by securities issuers registered in the RNV, in line with the corresponding international standards. Below, some of the most outstanding aspects are mentioned:

- During 2019, the Commission managed to have the securities issuers communicate to the investors the relevant events in XBRL format (Extensible Business Reporting Language), as well as various information involving trust-preferred securities tied to credits acquired in bulk (Annex T), methodologies for the calculation of the level of debt or leverage and of the coverage index of the service of the debt, applicable to development capital certificates (CKD), real-estate trust certificates, trust certificates for investments in energy and infrastructure or trust certificates for investment projects (Annex AA).
- By the end of 2019, the CNBV supervised 655 securities issuers registered in the RNV. The distribution by type of security can be tracked in the following table:



Type of securities	2019
Shares	
Domestic	139
Foreign	5
Debt	
Direct	116
Trusts	237
Fibra <sup>1</sup>	15
Mortgage trust	1
Fibra E <sup>2</sup>	3
CKD <sup>3</sup>	91
Cerpi <sup>4</sup>	21
Trac <sup>5</sup> (indexed)	21
Optional bonds	4
Structured	2
<b>TOTAL</b>	<b>655</b>

Notes:  
1/ Infrastructure and real estate trust  
2/ Investment in infrastructure and energy trust  
3/ Development capital certificates  
4/ Trust certificates for investment projects  
5/ Stock-referenced certificates

Source: CNBV, with information from the RNV as of December 2019.

Debt market

The Mexican debt market registered an increase of roughly 43.37%<sup>13</sup> in terms of amount placed, compared to the one observed in 2018. This has mainly to do with the increase of issuances of short-, medium- and long-term instruments. The CNBV maintained an ongoing follow-up on the evolution of the market as a whole, as well as on the performance and regulatory compliance of its various participants.

13/ Including placements without public offering in the short- and long-term.

Other stock market participants

Composition of the sector

Stock market entities are integrated by the market infrastructures that are considered systemic (the Institute for the Deposit of Securities (Indeval), the Contraparte Central de Valores de México S.A. de C.V. (CCV) and the clearing house Asigna Compensación y Liquidación (Asigna)); the stock and derivatives exchanges (including traders and liquidating partners); the price suppliers; the brokers and the securities rating agencies.

Supervisory activities

- In 2019, the three infrastructures of the market were visited, in order to validate business continuity and information security, as well as their internal control systems.
- In addition, regular inspection visits were made to the stock and derivatives exchanges, in order to verify regulatory compliance, transparency and monitoring of markets, as well as the operational risks associated with the trading systems and the communication mechanisms between exchanges.
- The main monitoring activities carried out were:
  - Indeval. Review of adjustments to the operation and custody of international securities due to changes to the provisions applicable in this matter.
  - CCV. Analysis and consideration of the new measures and methodologies of the risk management system in order to determine minimum initial contributions.
  - Asigna. Verification of compliance with the standards of the Principles for Financial Market Infrastructures, PFMI's), published in April 2012, by the CPMI-BIS/IOSCO (Committee on Payments and Market Infrastructures - Bank for International Settlements / International Organization of Securities Commissions).
  - Securities rating agencies. Review of structured financing methodologies, rating process and inputs used, and obligation to verify the existence of credits that back rated issuances.
- Participation in the annual review of the U.S. Securities and Exchange Commission (SEC) to HR Ratings Mexico, as a securities rating agency in the USA. The scope considered the review and evaluation of operational processes, the functioning of the internal control system and the organization of the entity.

2.4.3.5. Innovative models

Based on the concept of innovative models contemplated in the LRITF (known in the international context as Regulatory sandbox), in 2018 a flexible regulatory framework was established to promote financial innovation in the SFM. This scheme seeks to generate a permanent dialogue between the authorities and the fintech community in Mexico.

The regulatory framework offered by the scheme of innovative models contributes to providing greater legal

certainty to entrepreneurs willing to try out new business models with financial technology content. Likewise, this framework enables the dialogue between the entrepreneurs and the financial authority, by offering a permanently open communications channel, as well as an area for testing in a controlled environment.

Activities carried out

During 2019, various actions were carried out to promote and boost innovative models, which are established by the LRITF, such as those that, to provide financial services, use technological tools or means with modalities different from the ones existing in the market when the temporary authorization is granted.

- Meetings with entrepreneurs with potential innovative model schemes. Meetings were held with 36 fintech companies interested in operating under the innovative model scheme, of which 20 could apply to operate under said scheme. These meetings allowed strengthening the communications channel between entrepreneurs and the CNBV, so as to contribute to innovation in financial services. In these sessions, the fintech companies presented their business models and the doubts that they might have regarding regulation and temporary requests as an innovative model were addressed.
- Global Financial Innovation Network. On October 29 2019, the CNBV joined the GFIN. This Network is made up of 50 international authorities and organizations, committed to facilitating financial innovation, through a global Regulatory sandbox in which coordination mechanisms are established so that companies interested in making their innovative business models grow, have the opportunity to try them out in the respective Sandboxes of the member states. The GFIN also works as a discussion forum, in which the CNBV can exchange know-how and experiences with its counterparts, to provide and receive feedback regarding the best practices that foster innovation when providing financial services.
- Sandbox Challenge. As part of the collaboration with the UK's Prosperity Fund Mexico Financial Services Programme, the CNBV was invited to participate in cooperation with DAI Mexico and *Distrito Emprendedor*, in the first financial innovation contest, which was developed, designed and organized during the last two quarters of 2019, programming the initial call of the contest for the first quarter of 2020.

2.4.4. Technical support of supervision

2.4.4.1. Development of risk methodologies and analysis

The CNBV continued with its efforts to strengthen and develop tools, statistics and analysis methodologies for the supervision of the different risks to which the institutions are exposed.

In this sense, the risk measurement methodologies of financial system entities were developed and improved, based on international best practices and trends.

Likewise, the Commission continued developing internal analysis products that allow identifying the risks to which financial system entities are exposed.

Among the main activities carried out, the following stand out:

- Optimization in the information processes to streamline the risk analysis of the entities; generation of detailed reports on the IBM, IBD and brokerage firms positions (liquidity, market and loan) and metrics for calculating their inherent risk; and participation in exercises organized by international bodies to learn about and implement best practices.
- Improvement of the market risk, loan and liquidity reports in terms of grading the entities based on the CEFER matrix guidelines and on identifying risks within the financial system.
- Calibration and adjustment of the models for expected losses applicable to supervision scenarios, in banks and portfolios.
- Generation of the commercial portfolio's descriptive and risk reports, so that supervisors can count on a tool for analysis and follow-up in relevant aspects of the institutions they supervise, such as large exposures and their risk profile.
- Development of a report to follow up on the limits established in the provisions for operations with related persons, as well as on the evaluation degree for IBMs of local systemic importance.
- Publication of capital requirement calculators for BM, BD and SOFOM E.R. institutions.



- Development of tools to validate the calculation of IBM reserves. Said tools will allow the supervisor to detect in a timely manner inconsistencies or relevant risks in the entities, as well as apply the corrective measures necessary without requiring an inspection visit.
- Collection of the information to develop standard methodologies for expected losses applicable to popular savings and loan entities.

#### 2.4.4.2. Authorization of internal methodologies

Internal methodologies to calculate capital requirements and reserves for loan risk, the stability of deposits and mortgage loan prepayments allow credit institutions and SOFOM E.R. to have models that more accurately reflect their risk profile, the value of their exposures and their sensitivity to various factors.

Likewise, internal models of mortgage prepayment, stability in terms of deposit-taking and housing sub-account are authorized.

In the period reported here, the authorization process of methodologies and internal models was improved, to strengthen the proof of the annual technical evaluation of compliance with the requirements stipulated in the provisions for the use of internal models. This allowed the validation and follow-up of 30 models, which are reviewed and updated every year, possibly requiring various authorizations.

The models that were authorized during 2019 are composed as follows:

- Mortgage prepayment: two IBM.
- Stability of the deposits: nine IBM and one IBD.
- Stability of the housing sub-account: two IBD.
- Loan risk: five IBM and two SOFOM E.R. with sixteen authorized portfolios and two undergoing the authorization process for internal models that calculate capital and reserves, one of which is under review, and the other one is being modified by the institution, addressing the observations made by the CNBV.

#### 2.4.4.3. Capital adequacy assessment process

In 2019, and for the eleventh year in a row, the CNBV performed the ESC-ES, which on this occasion included 51 IBMs. The objectives of this exercise were the following:

#### ESC to the IBM

- Ensuring that the institutions and the system have the sufficient regulatory capital to continue operating when facing adverse macroeconomic scenarios, as well as knowing the institutions' existing risks, growth perspective and operations.
- Encouraging entities to incorporate into their management decisions, processes that contemplate comprehensive risk management.
- Raise awareness among institutions as to potential response strategies when facing adverse macroeconomic conditions, as well as create a culture of financial planning when facing these conditions.

Throughout 2019, the fiscal year maintained the same structure and the analysis perspective of the banking business as a whole, directing it towards the viewpoint of supervision and to comprehensive risk management, aligned with the international best practices in terms of cybersecurity, which contemplated:

- Standardizing the way to group the registry to estimate the expected losses due to risks associated with cybersecurity.
- Broadening the breakdown of exposure of entities when facing risks linked to level three cybersecurity, considering: 1) estimation of direct and indirect losses; 2) recovery and mitigating factors in terms of every subclass of events; 3) estimation of loss of profit and reputation deterioration in terms of types of risk.
- Request for qualitative information to learn about identification mechanisms for this type of risks, as well as the preventive measures every institution has, were the risks to materialize.

Results of the assessment

As part of the results, six vulnerable institutions were identified, which as a whole represented 0.6% of the system's assets as of September 2019, of which four presented an ICAP lower than the regulatory minimum, without considering the projected contributions, and two institutions did not comply with the corresponding minimum capital.

As a result of the exercise, we noticed that the ICAP level in both scenarios presented an increase: 0.5 percentage points (pp) for the base scenario and 0.4 pp for the adverse scenario, between December 2018 (last annual closing observed) and the end of the exercise (December 2021). Based on said exercise, the ICAP in the adverse scenario stood at 16.30%. These results can be explained by the different effects on the components of net capital (CN) and of the total assets subject to risk (ASRT).

In view of the foregoing, we can conclude that the commercial banking sector showed resilience when faced with adverse conditions: it managed to maintain an ICAP higher than the regulatory minimum (10.5%), derived from the risk-mitigating strategies established by the institutions.

ESC to brokerage firms

For the fourth time in a row, the CNBV performed the ESC-ES exercise for the brokerage firms sector, which on this occasion included 35 entities. The objectives were the following:

- Verify that said entities have sufficient capital to operate, even under adverse economic conditions.
- Ensure that entities incorporate into their management decisions, processes that consider comprehensive risk management.
- Raise awareness among brokerage firms about the possible response strategies when facing adverse macroeconomic conditions, as well as create a culture of financial statement projections in said conditions.
- Identify main vulnerabilities, individually and for the entire sector, as well as to become familiarized with the growth perspective and operation of the entities in different scenarios.

Likewise, modifications to the exercise were carried out, to incorporate improvements and address areas of opportunity detected in 2018:

- Adoption of macroeconomic variables: 1-, 3-, 6- and 12-month Libor rate (%).
- Distinction between the average daily balance at closing and the total volume traded in the quarter, in the section of the financial projections form.
- Incorporation of information referring to the charge of trading fees by third parties, as well as of average fees for custody and management of securities, in the profitability section.

In the period reported, like in 2018, the CNBV presented two macroeconomic scenarios for which each brokerage firm projected its financial statements and determined the evolution of the ICAP based on the assumptions presented. In terms of the adverse scenario, specific guidelines were defined to strain the entities' projections, such as: 1) the application of a loss associated with a market shock; 2) restriction to the rise of fees charged for customer trading operations; 3) restriction to the rise of fees charged for financial advisory; 4) limitations to the income from the sales margin, and 5) limit to the decrease of management and promotion expenses.

As part of the results, three vulnerable brokerage firms were identified, of which one presented capital requirements, given that its ICAP was below the regulatory limit<sup>14</sup>; for the second one, in addition to presenting capital requirements, its net capital stood below the stock capital, and the last one presented capital requirements for minimum stock capital to operate.

Nevertheless, the sector as a whole shows resilience, given that during the period projected the minimum ICAP stood at 24.9% in the adverse scenario.

2.4.4.4. Reception, usage and analysis of information

Throughout 2019, the Commission continued optimizing the processes of reception, quality and usage of the financial and operational information reported by the entities supervised, with the purpose of also improving its timely and reliable dissemination to the public at large, as well as counting on quality inputs to generate useful tools in the supervision of entities. By doing so, the Commission worked with special emphasis on improving the quality and timely manner with which entities send the information.

Results of the assessment

<sup>14</sup>/ The regulatory minimum for brokerage firms is 10.5%, which matches the one for IBMs.





### Reception and quality of information

During 2019, the CNBV focused on promoting more efficient delivery and reception of regulatory information and within the timelines established in the applicable provisions, seeking higher quality in the information received. In this sense, the following stands out:

- Ongoing communication with more than two thousand entities supervised by the CNBV as to the reception of their information.
- Improvement in the quality assessment files and notes of the information received. The standards for evaluating the quality of the reports with accounting information were increased for the sectors: credit institutions, brokerage firms, SOFIPO, credit unions, SOCAP, bonded warehouses, currency exchange offices and SOFOM E.R.
- Generation of new regulatory reports for the FTI and SOFINCO sectors.
- Periodic maintenance to catalogues and validations for the reception of information through SITI, system through which the CNBV receives the regulatory reports.
- Issuance of monthly reports on the results of the quality assessment (EVCAS) and observations for the entities supervised.

- Generation of the CEFER matrix, regarding the quality of the information for the commercial banking, development banking, credit unions, SOCAP, SOFIPO and bonded warehouses sectors.
- Updating of the Mexican Financial System Catalogue (CASFIM), in cooperation with the SHCP.
- Development of new validators of the information sent by the entities, in accordance with regulations and to ensure the quality of the data.

The CNBV publishes the financial and operational information of the different entities under its supervision, based on the provisions in force, in the Information Portfolio. The information published seeks to be useful, relevant and timely, covering a universe of roughly 2,800 reports from 14 sectors (IBM, IBD, SOFOM E.R., brokerage firms, bonded warehouses, credit unions, FND, investment funds, financial groups, SOCAP, SOFIPO, stock market, service companies and currency exchange offices), and from three that are currently no longer operating (leasing companies, factoring companies and limited-purpose financing companies (SOFOL)). In this sense, the following actions carried out in the period reported stand out:

### Usage and publication of information

- Monthly publication of timely cards and historical series with the information from the entities supervised by the Commission, as well as the generation of the Institutional Report of the IBM, brokerage firms, bonded warehouses, SOFIPO, SOCAP, credit unions, financial groups, SOFOM E.R. and investment fund sectors, in order for them to be incorporated in the institutional tool called Technological Platform of Supervision (PTS).
- Automation of information usage processes and of the commercial banking sector's timely card, which consolidated several sources of information: reports on consolidated financial statements, operational information, on commission agents and capitalization foreseen by Banxico.
- Information exchange with Banxico and IPAB, monthly and bimonthly, based on the agreements to exchange institutional information.
- Improvements in the security of the databases for the usage of the information that the entities send periodically, regarding the 660 regulatory reports currently existing.
- Improvements in the Extract, Transform and Load processes (ETL) necessary for processing and consolidating the information received, as well as in the processes created to detect and report inconsistencies.

92

## Analysis of information

Periodically, the CNBV generates analysis products to support the supervision and comply with its mandate to publish in a timely manner information from the sectors it supervises. Statistical bulletins, historical series and other analysis tools are produced monthly or quarterly. In this sense, in the period reported, the following activities stand out:

- Review of the financial feasibility of the projections made by companies that wish to operate under the FTI framework in Mexico. An evaluation of the financial statements projected and of the main business assumptions was carried out, as well as simulations of different scenarios that tested their resilience considering the impact of changes in macroeconomic and operational variables on the financial and capital profile of the entities proposed, thus seeking to favor the development of a stable sector.

- Generation of press releases for subsequent publication, as well as of statistical bulletins.

### 2.4.5. Supervision in AML (Anti-Money Laundering) / CFT (Combating the Financing of Terrorism)

The CNBV supervises the AML/CFT rules of financial entities and other subjects bound by obligation, such as SOFOM E.N.R., currency exchange centers and money transfer companies, based on what is established in the financial laws and the general provisions that derive from them. During 2019, the CNBV implemented various actions to have a more efficacious supervision in terms of AML/CFT. Details of the main activities carried out are presented below.

During 2019, the Commission followed up on the certification process in terms of AML/CFT, which is directed at compliance officers, independent external auditors, internal auditors and other professionals that provide their services in said matter.

In accordance with the call published in the DOF on September 19 2018, two processes were carried out in 2019: 1) 11th Evaluation of the certification process, on July 6, with a total of 986 people taking the exam, and 2) 12th Evaluation of the certification process, on November 9, with a total of 1,177 applications. As a result of these processes, in 2019 554 certificates were issued.

The total number of people that obtained their certificate from 2015 to date amounts to 3,634.

## Certification process in terms of AML/CFT

93



### Percentage of entities with certified compliance officers

Sector (number of entities)	With certified compliance officer
Bonded warehouses	87.0%
IBD	67.0%
IBM	100.0%
Brokerage firms	100.0%
Currency exchange offices	88.0%
Currency exchange centers	43.0%
FND	100.0%
SOCAP	76.0%
Distributing companies of investment funds	75.0%
SOFIPO	87.0%
Investment fund management companies	68.0%
SOFOM E.N.R.	46.0%
SOFOM E.R.	96.0%
Money transfer companies	85.0%
Credit unions	67.0%
<b>Grand total</b>	<b>51.0%</b>

On the other hand, with the purpose of assisting the preparation of the topics planned in the certification exam in terms of AML/CFT, in June 2019 the Commission carried out a workshop with 300 people from the various sectors under its supervision, who then presented their exam in said year.

The purpose of said workshop was to address the topics planned in the agenda the CNBV published to this end; these topics encompass national regulatory framework, international context, and audit, supervision and EBR.

Among the main supervisory activities carried out, the following stand out:

### Supervisory activities

- Issuance of 156 technical opinions (65 for currency exchange centers, eight for money transfer companies and 83 for SOFOME.N.R.), to those entities that required them to proceed with their registration renewal.
- Issuance of 207 technical opinions (53 for currency exchange centers, four for money transfer companies and 150 for SOFOM E.N.R.), to those entities that sought the granting of their registration.
- Review of 2,312 audit reports, sending 2,309 official letters with 41,932 recommendations and 258 information requirements to subjects bound by obligation, with the purpose of identifying deficiencies in their reviews and in the application of the General provisions.
- Analysis of the actions implemented regarding the findings or deficiencies found by the auditors, as a result of the review of the audit reports from the sectors supervised in terms of AML/CFT. This allowed to learn about the actions implemented by the entities to improve the effectiveness of the preventive regime.

### 2.4.6. Market behavior supervision

Exercising its powers and supported by technical and legal elements, the CNBV conducts investigations on various acts that presumably contravene the LMV and its provisions, with the purpose of achieving adequate supervision of the stock market in protection of the investors, and so that the stock market is equitable, efficient and transparent.

The activities that are carried out on different stock market participants of which there were indications of possible breaches of the LMV and/or of the applicable provisions, consider, among other topics:

- Use of insider information.
- Market manipulation.
- Holding of simulated operations as to volume or price of securities.
- Operations with conflict of interest.

- Actions contrary to sound market habits or practices.
- Presumption of undue accounting registrations.
- Disclosure of financial information to investors.
- Infringements in the provision of investment services by financial entities and investment advisors.

As a result of the investigations carried out, in those cases where the conducts were confirmed, the administrative procedure of imposing sanctions against the alleged offenders was initiated.

### Stock market monitoring platform

The objective of the Stock market monitoring platform is to follow up and analyze the operational information of said market, with the purpose of detecting and evaluating conducts that contravene applicable regulation. Said platform integrates registrations stemming from stock exchanges and from brokerage firms; based on this, the platform tracks the origin and destination of the securities exchanged in the electronic trading.

Throughout 2019, more than 300 validators were developed and implemented involving the information presented by brokerage firms and stock exchanges to the CNBV, with the purpose of measuring it and improving its quality. Said information was compiled and analyzed through the Stock market monitoring platform, with the purpose of detecting market events that could represent conducts that contravene the regulation.

### 2.5. Investigation visits

In addition to the entities supervised, the CNBV is authorized to investigate any natural person and legal entity suspected of presumably conducting activities infringing financial laws. Likewise, the Commission has the authority to order said natural persons or legal entities to suspend the operations infringing the law.

In this context, 126 investigation visits were carried out involving the possible offense of irregular deposit-taking carried out by the entities operating as SOCAP without proper authorization; investment funds; the entities operating as investment advisors, currency exchange centers, money transfer companies without proper registration, or else SOFOM E.N.R. and other entities performing operations for which they are not properly authorized.

As a result of said visits, the following suspensions of operations were ordered:

- 14 natural persons or legal entities that carried out operations as currency exchange centers without proper registration.
- 3 natural persons or legal entities that operated as SOCAP without proper authorization.
- 1 S.A.P.I. that conducted irregular deposit-taking of resources.
- 1 legal entity that did public offering of securities without proper authorization.



# AUTHORIZATIONS

## 3.



### 3.1. Introduction

The CNBV has authorization and registration capacities regarding financial entities, natural persons and legal entities that are part of its field of competence, as well as companies providing various services. The authorizations granted refer to both the organization and operation of said entities and companies, and to the execution of various acts provided for in the corresponding financial laws.

By exercising these powers, the CNBV proceeds with strict adherence to the applicable regulations and directs its action towards guaranteeing the legality of the acts carried out by the entities and companies. In this way, it contributes to building a financial system that is efficient, inclusive and open to competition, capable of providing a wider range of products and services based on the savings, loan and investment needs of the population, and promotes the healthy and balanced development of the financial system in Mexico.

Below, the main topics addressed throughout the year are presented, as well as the details of the authorizations the CNBV has issued in accordance with its powers regarding the authorization of new entities, corporate restructurings, corporate bylaws and reforms, operational, legal aspects, and new issuances of the stock market.

3.2. Relevant topics of the year

Authorization processes of FTIs

As a consequence of the publication of the LRITF, the CNBV has the faculty of performing the authorization activities applicable to new FTIs, to standardized application programming interfaces, and to innovative companies referred to in said law, as well as proceeding with various complementary authorizations, necessary for FTIs to operate. Said authorizations are directly processed before the CNBV or before any of the other financial authorities involved in the process; in other words, SHCP or Banxico.

Accordingly, during 2019, 93 legal entities requested from the CNBV authorization to incorporate and to operate as FTIs, in the terms established by the LRITF and the CUITF. From these requests, 31 corresponded to the organization and operation of CFIs and 62 to EPFIs.

In this sense, the CNBV issued the same number of preventions to the companies that presented their authorization request, so that these applicants attached the documentation and explanatory information, to be able to rule depending on the circumstances, on a case-by-case basis.

As a result of the foregoing, with the accord of the Interinstitutional Committee<sup>15</sup>, the CNBV authorized the organization and operation of the first EPFI named NVIO Pagos México, S.A.P.I. de C.V., Electronic Payment Funds Institution, which has yet to start operating.

15/ Collegial body integrated by public servants from SHCP, Banxico and from the CNBV, referred to by the LRITF.

3.3. Regular activities

3.3.1. New financial entities, registrations and recognitions

In accordance with its Law, the CNBV has authorization, registration and renewal capacities regarding different kinds of acts provided for in the laws of the financial system. Among others, it has the power to authorize the organization and operation or functioning of the entities that constitute its scope of competence, as well as to keep the Registry of currency exchange centers and money transfer companies and the Registry of investment advisors, which is why throughout the year the legal, operational, economic, financial and administrative aspects of the requests presented were analyzed.

This resulted in the granting of the following authorizations to new financial entities and the granting of registrations and acknowledgements, whose details are included in Annex D (New financial entities and registrations):

- 1 IBM: BNP Paribas México.
- 1 brokerage firm: Altor Casa de Bolsa.
- 1 company that manages systems to facilitate operations with securities: Bull & Bear Fixed Income.
- 2 representative offices of foreign financial entities: Julius Baer & Co. Ltd., as well as the joint office of Bank J. Safra Sarasin Ltd. (Swiss Confederation), Bank J. Safra Sarasin (Bahamas) Ltd. (Commonwealth of the Bahamas) and Banque J. Safra Sarasin (Luxembourg) S.A. (Grand Duchy of Luxembourg).
- 1 EPFI called NVIO Pagos México, S.A.P.I. de C.V., Electronic Payment Funds Institution.
- 30 enrollments in the Registry of currency exchange centers and money transfer companies, of which 26 were of currency exchange centers and four of money transfer companies.
- 32 registration renewals in the abovementioned registry, of which 27 renewals were of currency exchange centers and five of money transfer companies.
- 12 enrollments in the Registry of investment advisors, granting nine to independent legal entities and three to natural persons.

On the other hand, the start of operations of an IBM was authorized: Banco KEB Hana México.

3.3.2. Corporate restructurings

Throughout 2019, various projects of internal reorganization, functional restructuring and changes in the stock structures were completed by many financial entities, in a context of increased competitiveness in the global markets, demand for high quality services and search for alternatives to reduce costs.

Said projects obtained the CNBV's authorization and included mergers, demergers, changes of control, acquisitions, stock restructurings, equity investments, as well as actions aimed at the integration of financial groups. Likewise, in those cases where it was the SHCP's decision to authorize corporate acts, the CNBV issued the corresponding opinions, based on its own capacities.



Below is a summary of the corporate restructurings, whose details can also be found in Annex E (Corporate restructurings):

- 2 IBM were authorized to merge with other companies: Banco Autofin and CIBanco.
- 1 IBM was authorized to demerge: Banamex.
- 1 brokerage firm was authorized to demerge: Evercore.
- 4 IBM were authorized for various share acquisitions: Banco S3, Finterra, Bank of America and Accendo.
- 1 distributing company was authorized so that various natural persons could increase their indirect participation in its stock capital: Invermerica.
- 1 investment fund operating company was authorized to merge with an investment advisor and various direct and indirect share acquisitions: BlackRock.
- 3 SOFIPO were authorized for various direct and indirect share acquisitions: Financiera T Agiliza, Sofitab and SFP Porvenir.
- 5 opinions to the SHCP regarding share acquisitions, incorporation of entities and mergers of financial groups: Ve por Más, Banregio, Banorte, Santander and Scotiabank.

3.3.3. Corporate bylaws and reforms

In 2019, as a result of the verification of compliance with the applicable legal framework, as well as to reflect changes in corporate or company aspects (equity, name, corporate purpose, among others), in their regime or management, statutory reforms were approved to a total of 69 entities from various sectors: 20 IBMs, nine brokerage firms, seven investment fund management companies, two services companies, one bank-owned real estate company and one brokerage firm-owned real estate company, twelve SOFIPOs, two federations, five SOCAPs, and ten credit unions, as shown in Annex F (Reforms to corporate and constituent bylaws).

3.3.4. Operational and legal aspects

Over the year, authorizations concerning the operational and legal aspects of financial entities subject to the supervision and regulation of the CNBV were issued, as shown in Annex G (Operational and legal aspects):

- 14 new commission agents: eight for IBM, one for IBD, two for SOFIPO, two for SOCAP and one for SOFOM E.R.
- 80 authorizations to celebrate service provision contracts: 1) 41 from IBM; 2) two from IBD; 3) nine to brokerage firms; 4) seven from SOFIPO; 5) ten from SOCAP, and 6) eleven to SOFOM E.R. In addition, 22 official records of conclusion of service provision contracts were entered.
- 1 authorization to implement a settlement procedure different from the one provided for in the CUIFE.
- 10 auto correction programs authorized, thirteen were declared inadmissible and two were deemed not presented.
- 14 equity investments: seven of IBM, two of IBD, three of brokerage firms and one of SOFOM E.R.
- 4 increases in equity investment: two to IBM, to one IBD and to one brokerage firm.
- 3 decreases in equity investment to IBM.
- 1 divestment to one IBM. Derived from the divestment, the authorization to invest in a complementary services company was revoked.
- 44 operational and legal authorizations: 1) six to credit unions; 2) twelve to SOFIPO; 3) two to SOCAP; 4) ten to bonded warehouses; 5) three to federations; 6) nine to stock exchanges; 7) one to the central securities counterparty, and 8) one to Indeval.
- 27 approvals: 1) four of the biannual training program of IBDs, provided for in the Regulatory Law of Section XIII Bis of Paragraph B, of Article 123 of the Political Constitution of the United Mexican States, and 2) 23 approvals for work plans from SOFOM E.R. that specify the actions that will be carried out to develop the mechanisms referred to in Articles 51 Bis 3 and 51 Bis 5 of the CUB (verification of the biometric identity of persons they may hire or that carry out operations with them).
- 1 authorization for the substitution of a representative from a representative office.

- 26 opinions to the SHCP as part of the review process of acts whose authorization corresponds to the attributions of said entity.
- 1 opinion to Banxico, as provided for in the Rules participants of the derivatives market will have to abide.
- 5 requests to use reserved terms were denied, in accordance with the Law on Investment Funds (LFI) and the use of one reserved term was authorized in the name of an independent investment advisor and 3 companies were authorized to use the reserved term “Caja de Ahorros” [Savings bank].

In addition, various authorizations were revoked on request, as detailed in Annex H (Revocations and cancellations).

- Revocation of an authorization for the organization and functioning of an investment fund operating company.
- Revocation of three authorizations for opening representative offices of foreign financial entities in Mexico.
- The authorizations to operate for two credit unions and one SOCAP to conduct savings and loan operations were revoked.

- Cancellation of the registrations of 39 currency exchange centers, two money transfer companies and two investment advisors, on request.
- Cancellation of the registrations of 34 currency exchange centers and four money transfer companies, due to breaches to the applicable regulation.

### 3.3.5. New issuances in the stock market

In accordance with the LMV, it is essential for any loan certificate or security to be registered in the RNV before being publicly offered or intermediated in the Mexican stock market. The CNBV is the authority in charge of organizing the RNV and with the power to carry out the registration of securities, as well as the update, modification, official record, suspension or cancellation of the registrations carried out.

Furthermore, the CNBV has the power to authorize public offerings of securities and public dissemination of the corresponding information through prospectus, supplements, information leaflets, placement notices and informational notices, among others.

In exercising these powers, during 2019 the CNBV issued stock authorizations for an estimated amount of \$384.67 billion MXN<sup>16</sup>, which are detailed below.

16/ The amount does not include optional securities, structured securities, takeover bids, nor securities placed without public offering, nor indexed trust certificates.



- Vista Oil & Gas, S.A.B. de C.V. made a subsequent public offering (follow-on offering), for an estimated total amount of \$2.03 billion MXN, as shown in Annex I (New issuances in the stock market).
- Banco Santander, S.A performed a public takeover and exchange bid (OPA) (exchange offering) on the shares representing the stock capital from Banco Santander (México), S.A., I.B.M., Grupo Financiero Santander México, for an estimated total amount of \$29.28 billion MXN, as shown in Annex I.
- GGI INV SPV, S.A.P.I. de C.V. carried out an OPA on the shares of RASSINI, S.A.B. de C.V. for an amount of \$109 million MXN, as shown in Annex I.
- 20 updates to the registration of shares in the RNV, mainly as a result of modifications to the stock capital structure.

Trust certificates (CBF): Development capital certificates (CKD) and Real-estate Trust Certificates (CBFI)

- 1 initial placement split into three series of one CKD, for an estimated total amount of \$362.6 million MXN, as shown in Annex I.
- 73 additional placements made up of follow-on issuances, optional series and capital calls for an amount of \$24.41 billion MXN, as shown in Annex I.
- 1 follow-on offering of CBFI with the Fibra tax system, for an amount of \$3.9 billion MXN, as shown in Annex I.

Trust certificates for investment projects (Cerpi):

- 6 placements of Cerpi through initial public offerings (OPI), with the restricted variation (restricted OPI), for an estimated total amount, corresponding to the initial issuance of \$6.39 billion MXN, as shown in Annex I.
- 4 placements through follow-on offering for an amount of \$7. 77 billion MXN and a placement of an optional series for \$622 million MXN, as shown in Annex I.

- Likewise, five of the Cerpi in addition to the initial issuance performed capital calls for an amount of \$2.7 billion MXN, as shown in Annex I.

Cerpis, created in 2016, are private equity investment instruments whose objective is to carry out investments in projects and/or companies abroad. The six initial placements carried out, were made in USD from the United States of America (USA).

Optional bonds and structured securities

- The CNBV registered 343 placements of series of optional bonds, for an estimated total amount of \$24.15 billion MXN, placed by four issuers (BBVA Bancomer, S.A., IBM, Grupo Financiero BBVA Bancomer (BBVA), Citibanamex Casa de Bolsa, S.A. de C.V., Casa de Bolsa, part of Grupo Financiero Citibanamex, Scotia Inverlat Casa de Bolsa S.A. de C.V., Grupo Financiero Scotiabank Inverlat and Banco Santander (México), S.A., IBM, Grupo Financiero Santander), as shown in Annex I.
- 67 placements of bank structured bonds for an estimated total amount of \$10.82 billion MXN, by four institutions (HSBC México, S.A., IBM, Grupo Financiero HSBC, Scotiabank Inverlat, S.A., I.B.M., Grupo Financiero Scotiabank Inverlat, BBVA Bancomer, S.A., IBM, Grupo Financiero BBVA Bancomer and Banco Mercantil del Norte, S.A., I.B.M., Grupo Financiero Banorte), as shown in Annex I.

It is worth mentioning that structured securities are financial instruments which give investors the possibility of obtaining yields higher than those of the market, but whose yield and even recovery percentage of the capital invested (partial or total) depends on the behavior of an underlying asset used as a reference (stocks, interest rates, commodities, foreign currencies, price indexes, among others).

This type of instruments means higher risk, and their demand is linked to the need of a certain type of investors to cover market risks or simply of those, among which we have the institutional and qualified ones, that seek higher yields as a reward for running higher risks.





### Debt market

Short-, medium-, and long-term securities certificates (CBs)

- 13 new authorizations involving preventive registrations of short-term CBs in the RNV, under the placement program model, for a total of \$36.16 billion MXN. From these authorizations, three correspond to the updating of preventive registrations in the RNV in order to increase the amount previously authorized by \$19.7 billion MXN.
- 45 placements of medium- and long-term CBs from various non-banking corporate and financial companies for a total of \$91.09 billion MXN.
- 27 placements of medium- and long-term trust CBs for an amount of \$37.12 billion MXN, as shown in Annex I.

Bank CBs (CBB) and CB issued by State-owned companies

- 25 placements of CBBs carried out by nine credit institutions, for an amount of \$74.9 billion MXN, as shown in Annex I.
- 7 placements of CBBs issued by IBDs under a generic registration for a total amount of \$23 billion MXN, as shown in Annex I.

- 9 placements of medium- and long-term CBs, issued by different state-owned companies, for an amount of \$33.1 billion MXN, as shown in Annex I.
- Nine placements of CBs were carried out without public offering for an amount of \$11.84 billion MXN, as shown in Annex I.

Obligations issued by banking institutions

- 1 IBM carried out an issuance of subordinated obligations non-convertible into shares, for an amount of \$350 million MXN, as shown in the content of Annex I.
- 2 IBMs carried out OPAs by issuing obligations, for an estimated amount of \$1.33 billion MXN, as shown in Annex I.

Other debt securities

- 2 debt issuances carried out by multilateral bodies for an amount of \$4.5 billion MXN, and an issuance of a foreign development bank (Export-Import Bank of Korea) por \$7 billion MXN, as shown in Annex I.

Other securities: indexed trust certificates

- 1 issuance carried out by Banco Nacional de México, S.A., part of Grupo Financiero Banamex, Trust Division, for an initial amount of \$99 million MXN, as shown in Annex I.

Throughout 2019, the Commission registered in the RNV five cancellations of securities listing from Bolsa Mexicana de Valores, S.A.B. de C.V. (BMV) to Bolsa institucional de Valores, S.A. de C.V. (BIVA).



# LEGAL ISSUES

## 4.



### 4.1. Introduction

This chapter describes the main activities of the CNBV's legal management, which encompass: 1) safeguarding adequate internal legal control, through legal counseling, with the purpose of ensuring that the CNBV's actions are properly founded and motivated; 2) issuing offense opinions to encourage strict adherence to the applicable regulations by financial entities; 3) sanctioning them in case of non-compliance with financial laws; 4) representing the Commission to defend the legality of its actions in the legal or administrative proceedings in which it may be involved; 5) address the information and documentation requirements requested by the country's legal, tax or administrative authorities, and 6) conduct visits to the natural persons and legal entities that act against financial laws.

4.2. Relevant topics of the year

Follow-up on the bankruptcy filing and State property claims related to Ficrea

In legal matters, various issues were addressed, among which the following stand out because of their importance:

The CNBV followed up on the bankruptcy proceeding filed by various Ficrea savers.

Presided in the Fourteenth Court in Civil Matter in Mexico City (CDMX), under the responsibility of the designated trustee, the sale of the entity’s portfolio assets, real estate and auctions was carried out. Consequently, in December 2019 the Court ordered to make the sixth payment to the creditors of the extinct SOFIPO.

In addition, 22 sentences from the Federal Court of Administrative Justice (TFJA) were notified, for cases processed in previous years, of which 20 were favorable to the CNBV, all of which were contested by the claimants.

It is worth mentioning that one of the cases contested remains pending resolution by the Supreme Court of Justice of the Nation (SCJN). What is argued in this case is whether the execution of the CNBV’s powers was carried out in accordance with the constitutional principles under Article 25 of the Political Constitution of the United Mexican States regarding Article 109 of the same code.

112

Civil action against OHL

Responses were given to the lawsuits in three ordinary civil trials in which the Commission has been sued along with OHL, among others. In this sense, the next step is for the co-defendants to be summoned; to this end, letters of request have been sent to Spain and to the USA, and the case will be closely monitored to defend the interests of the CNBV until a sentence of acquittal is handed down.

State property claims related to La Perseverancia

During 2019, the authorization for La Perseverancia del Valle de Tehuacán to act as a SOFIPO was revoked, through the official letter P303/2018, published in the DOF on November 20, 2018. As a result of said revocation, its savers presented before the CNBV State property claims, arguing that, as a consequence of the Commission’s alleged irregular activity (undue supervision of the entity), they had suffered property damage, given that they did not have access to their savings.

At the end of 2019, eleven resolutions had been issued involving the claims filed by the savers of the entity in reference, all of which were denied, the grounds for proceeding with the intended action having been dismissed, ruling that the irregular acting on behalf of the Commission had not been proven.

4.3.1. Sanctions

The issuance of sanctions is one of the CNBV’s powers that encourages activities, legal entities and natural persons to comply with the laws and provisions that regulate the financial system. The measures associated with reviewing the supervisory processes implemented in the past years also have had an impact on the number of sanctions imposed.

First of all, to increase efficiency, the CNBV has adopted a policy that states the following: sanctions must derive from infringing conducts and not refer to specific individual breaches. To this end, it is necessary to group the findings of similar origin into general conducts that generate a better classification of non-compliance conducts with sanctioning effects.

In this sense, the CNBV’s supervision areas started to use their right to recuse themselves from sanctioning, established by different financial laws, which can be applied to breaches that are not qualified as serious according to the law, only if the supervised entities previously address the issues that motivated the CNBV. Certain internal control measures are included among these breaches; they are recurrent in financial institutions and most of them are not classified as serious.

Exercising this power to sanction and as a result of the new policy, in the period reported 869 administrative sanctions were imposed, corresponding to admonitions, fines, suspension of operations and registry cancellations.

By the end of 2019, the aggregate total value of fines imposed was more than \$207.4 million MXN, which corresponded to 65.6% of the cases, whereas the remaining 27.3% corresponded to admonitions, 2.2% to suspension of operations and 4.9% to registry cancellations. (See Annex J, Sanctions).

4.3.2. Offense opinions

The Federation’s Fiscal Attorney General Office (PFF) and Mexico’s Attorney General Office (FGR), in addition to other authorities, required technical assistance throughout 2019, regarding those special offenses provided for in the laws of the financial system. In this sense, the CNBV issued 88 offense opinions, of which 28.4% correspond to irregular deposit-taking activities and 71.6% to various other conducts. On the other hand, 33 opinions were positive so as to sustain, when applicable, criminal proceedings. This allowed continuing with the corresponding proceedings against the offenders of the reference laws.

4.3. Regular activities

113

Revision appeals, remissions, state liability and nullity proceedings

4.3.3. Contentious affairs

During 2019, 550 cases were addressed, of which 60 correspond to revision appeals, 343 to nullity proceedings, 138 to state liability claims and nine to requests for remission of fines, issuing the following resolutions:

- 54 resolutions of revision appeals, of which in five of these cases, the revocation of the resolution contested was warranted, so that the authorities issued new resolutions properly founded and motivated; five other cases were dismissed and 44 were confirmed.
- Nine resolutions regarding requests for remission of fines, all negatively, which confirms the sanctions imposed by this Commission.
- 138 state liability claims, involving extinct SOFIPOs (one from Ficrea, 34 from La Perseverancia del Valle de Tehuacán, 102 from Proyecto Coincidir, and one from Petróleos Mexicanos and its subsidiary Pemex Transformación Industrial).

With regard to the nullity proceedings whose defense was led by the CNBV throughout 2019, 447 sentences were received, of which in 170 cases the validity of the Commission's actions contested was acknowledged.

In this matter, the final sentences issued by the Judicial Power of the Federation stand out; they comprise relevant criteria for the purpose of the decisions issued by this Commission in which the following was resolved:

- Final sentence acknowledging the legality of the sanctioned subject's disqualification to perform a job, position or duty within the financial system for a period of four years and six months, resolution that to date remains in force.
- Final sentence through which the TFJA ruled to acknowledge the legality of the sanctioning proceeding, confirming that the term established in Article 109 BIS 1 of the LIC was respected, which signifies a benefit for the financial system with value of \$7,497,255 MXN.
- Final sentence of the Judicial Power of the Federation and of the TFJA, acknowledging the validity of the resolution through which the CNBV denied a money transfer company the request to renew its registration, not having requested it within 90 days prior to expiration of said registration.

- Sentence issued by the Judicial Power of the Federation, concluding that the "General provisions related to the Register of Currency Exchange Centers and Money Transfer Companies" do not infringe the principle of regulatory hierarchy referred to by Constitutional Article 89, section I, since these provisions point out in their Articles 4 and 5, the additional information that companies will need to present along with their request to obtain the registration in order to operate as a currency exchange office, which is why constitutional guarantees were denied to a currency exchange office when it questioned the constitutionality of said Provisions.

In the period reported, the CNBV was summoned as competent authority to 2,477 constitutional guarantees trials; in 2,285 of them, acts as enforcing authority are contested, (mainly associated with embargos or seizures of bank accounts ordered by the Unit of Financial Intelligence (UIF), by the Tax Administration Service (SAT), FGR and State Attorney General Offices, among others); and the rest, 192 trials, are specified below:

- 111 lawsuits in which the Commission was signaled in its capacity as authorizing authority, that is to say, that correspond to its own actions, among which the following topics are included: 1) publication of sanctions; 2) registration of contingent liability; 3) the non-renewal of technical opinion in terms of AML/CFT to SOFOMs, and 4) payment of rights in terms of Article 29-E, section VII, of the Federal Rights Law (LFD), among others.
- 74 constitutional guarantees trials filed by public officers from the CNBV against the Federal Law on Public Officer Salaries (LFRSP), Regulatory of Articles 75 and 127 of the Political Constitution of the United Mexican States, 2019 Federal Budget and the Manual on Payments of Public Officers in Agencies and Entities of the Federal Public Administration (APF), published in the DOF on December 31, 2018, regarding the salary reduction and the cancelling of different social benefits, identifying deficiencies in some lawsuits, reason why eight constitutional guarantees trials (amparos) have been ruled favorably and definitely.
- A constitutional guarantees lawsuit filed by public officers from the CNBV against the Federal Law on Republican Austerity, in relation to the elimination of different social benefits, of the Deputy General Directorates whose functions are not regulated in any Law or Regulation, as well as for the interdiction to work in the private sector for a period of ten years once the public office has concluded.

Constitutional guarantees trials (amparos)



- Six constitutional guarantees lawsuits filed by savers from the Proyecto Coincidir SOFIPO against the LACP, contesting the lack of supervision, inspection and monitoring by the CNBV. Arguing that the constitutional guarantees trial is not the way to demand a supposedly irregular administrative activity on behalf of the CNBV, so that three constitutional guarantees trials have been ruled favorably and definitively.

Among the resolutions, the following stand out:

- The First Court of the SCJN issued its ruling on the constitutional guarantees trial in review 307/2019, and declared Articles 15 and 15 Bis of the LRASCAP to be constitutional, given that there is no legal uncertainty regarding the procedure that must be followed by cooperatives with basic level operations, to initiate their dissolution and settlement once they have been classified as category D.
- The First Court issued its ruling on the constitutional guarantees trial in review 121/2018, determining Article 81-D of the LGOAAC to be constitutional, given that the sanction to cancel the registration to operate as a currency exchange office turns out to be proportional, when carrying out operations above 10,000 USD per day.
- The First Court also issued its ruling on the constitutional guarantees trial in review 154/2019, in which Article 88 of the LGOAAC was contested, for lack of a deadline to conclude the sanctioning proceeding. Deficiencies were identified in the plaintiff's appeal, thus making the Court deny the constitutional guarantees trial without beginning to analyze the constitutionality of the regulation.
- The Second Court of the SCJN issued its ruling on the constitutional guarantees trial in review 662/2018, declaring the 23rd provision to be constitutional, from the General Provisions referred to in Article 212 of the LMV, given that the term destination of the resources does not generate legal uncertainty as criterion brokerage firms must follow in the know-your-customer policy in terms of AML/CFT. In the same resolution, Article 391 Bis of the LMV was declared constitutional, as well as the Guidelines for disclosure of the sanctions the Commission may impose, same Guidelines that establish the right for the CNBV to publish on the Internet the sanctions it may impose.

## Civil and mercantile proceedings

In 2019, the CNBV initiated ten civil and mercantile proceedings, corresponding to trials in which it is prosecuting different financial entities or in which it has been summoned as the defendant or as a third party being called to trial.

With regard to the resolutions, six mercantile trials were resolved favorably, assigning the Asset Management and Disposal Agency (SAE) as liquidator, and/or, ordering the cancellation of the registration of the financial entities involved with the corresponding public register.

At the end of the year, the Commission continued to monitor 198 civil and mercantile trials that remained in process, related to previous fiscal years.

### Registration cancellation of currency exchange centers, money transfer companies and investment advisors, for breaches to the applicable regulation

During 2019, the registration of 38 subjects bound by obligation was cancelled (34 currency exchange centers and four money transfer companies), due to breaches to the applicable regulation.

### Labor lawsuits

In 2019, the CNBV was sued in a labor lawsuit as employer, which is filed with the Federal Conciliation and Arbitration Council.

Since in the period reported there were lawsuits initiated in previous years and still in process, a total of 21 disputes



were followed up, of which twelve are pending and nine were resolved by acquittal arbitration awards by winning the main action; however, from the latter, three are pending enforcement, given that the Commission was sentenced to pay the proportionate share of the claimed accessory social benefits. The favorable resolutions implied estimated savings for the CNBV of \$54.77 million MXN, in relation to the total of social benefits claimed.

On the other hand, seven labor lawsuits in which the Commission is co-defendant were initiated, which are filed before the Federal and Local Conciliation and Arbitration Board. Nevertheless, given that there are still matters in process received in other fiscal years, the sum of cases that are followed up amounts to 42.

**Dissolution and settlement procedures of SOCAPs**

Throughout 2019, dissolution and settlement administrative procedures were initiated with eight SOCAPs, classified as category D by the Focoop; adding the procedures of the year before, 133 cases were still in process by the end of 2019.

**Procedures before the National Commission for Human Rights (CNDH)**

In 2019, thirteen procedures were taken before the CNDH, thus following up on sixteen procedures, of which eight concluded in a favorable manner for the CNBV, as it was determined that this Body did not violate the human rights of individuals, leaving only eight cases pending resolution.

**Transparency, information access and protection of data**

Throughout 2019, the Transparency Unit received 1,273 requests (Information Access and Exercising Rights, ARCO) and 64 revision appeals against the responses granted by this body. All of the requests were addressed timely and in due form; of which 1,199 were presented by electronic means through the National Transparency Platform (PNT), and the remaining 74 were received in writing.

With regard to the revision appeals, these were resolved by the National Institute of Transparency, Access to Information, and Protection of Personal Data (INAI) in accordance with the following: twelve dropped the appeal, thirteen confirmed the response of this subject bound by obligation, seventeen modified it, eight revoked it, and fourteen remain in process.

On the other hand, the Index of reserved files was published on the Commission's website, corresponding to the second semester of 2018 and to the first semester of 2019, in order to comply with the applicable regulation in terms of transparency and access to public information.

As to the transparency obligations that were reported in 2019, the INAI notified that the CNBV reached the score of 100% compliance.

In the course of 2019, 3,412 requests were received, of which 2,907 were formulated by various authorities (judicial, public ministries and labor) that do not correspond to the blocking, seizing of accounts or to operations carried out by the public in the supervised entities. At the end of the fiscal year, 95% of the requests were addressed.

On the other hand, 505 written comments were presented by individuals, in which complaints and reports were made, which are not part of the CNBV's scope of competence, as they are conflicts between users and financial entities. By the end of 2019, 99% of said requests were addressed.

**Attention to authority and private requests**

**4.3.4. Attention to other authorities**

Throughout 2019, 213,837 requests were received from various authorities, which represented the issuance of roughly 8.5 million official letters addressed to financial entities and an estimated 260,000 official letters of response to the authorities; as well as a total of 219,020 requests concluded by the end of 2019.

With regard to the incorporation of authorities in the System of Attention to Authority Requests (SIARA), 93 courts in civil matters from the Superior Court of Justice of Mexico City were incorporated, reaching a total of 92 general authorities<sup>17</sup> that were incorporated into said system, as well as 1,003 specific authorities<sup>18</sup>. This has generated savings and reduced times when sending requests to the CNBV, as well as more security when handling the information there contained.

In the same sense, training sessions were held for 29 general authorities, as a result of changes in management, staff turnover or reinforcement of best practices in the use of SIARA, as well as the participation in the introductory sessions for the authorization of 45 FTIs.

On the other hand, the Commission continued with the automation process to generate official letters of response to tax authorities with electronic signature, with which an additional area was incorporated, with the ability to issue said notifications.

17/ Judicial, Local or federal judicial and administrative authorities, and federal tax authorities, referred to in Articles 142 of the LIC, 34 of the LACP, 44 of the LUC, 69 of the LRASCAP, 55 of the LFI, 73 of the LRITF and 192 of the LMV.  
18/ Administrative units of a general authority which, in accordance with their organic law or interior rules, are part of their structure with the capacities determined by their legal provisions.

# THE CNBV'S LINK TO ITS ENVIRONMENT

## 5.

CNBV

### 5.1. Introduction

This section contains the main results regarding four activities of great relevance: international cooperation, economic studies, financial inclusion and social communication.

First of all, the section presents the CNBV's participation in various schemes of international cooperation in terms of regulation and supervision, both financial and banking. It describes the relevant results derived from the existing links with bodies from abroad, as well as those obtained through collaboration mechanisms. This way, the CNBV seeks to strengthen its international cooperation with other homologous authorities and to consolidate Mexico's positioning in the world.

Secondly, the activities carried out in terms of economic studies are presented, which focus on strengthening the CNBV's regulation and supervision. This is being achieved by generating research on topics of interest for the institution, as well as producing technical documents aimed at improving the understanding of the SFM and supporting decision making.

This chapter contains, in third place, the main activities carried out in terms of financial inclusion, whose objective is to promote greater access to basic financial services for the population on a national, regional and global scale.

Finally, in fourth place, the results of the dissemination of institutional messages through national and international mass media on the behavior of regulated and supervised intermediaries are presented, as well as the actions undertaken by the CNBV in fulfillment of its mandate.



5.2. Relevant topics of the year

For the CNBV, permanent interaction with national and international bodies, involving its financial regulation and supervision tasks, as well as the generation of studies and surveys related to the financial system, are relevant instruments to continue allocating resources and deploying efforts in the ongoing improvement of its functions. This way, through its link with various instances, it receives feedback on its performance and contributes with its own experience. In this matter, the following actions stand out:

2018 National Survey on the Financing of Companies (ENAFIN)

During the first semester of 2019, the tasks involving the 2018 ENAFIN were concluded. This survey was carried out by the CNBV, in collaboration with the INEGI, and this was the second survey application. Its objective was to collect statistical information that allows identifying financing needs, sources, conditions and uses, as well as other financial services of companies in Mexico.

Specifically, we obtained information on their characteristics, the use, type and conditions of financing, credit requests, awareness of non-banking sectors, use of financial technologies, access barriers, and use of financial services, among others.

The survey provides information on a national level, as well as disaggregated by company size, by sector of economic activity or by size of locality of 50,000 or more inhabitants. The sample included companies with more than six employees, for micro, small, medium-sized and large companies. This way, information is generated, which is valuable for the design of public policies that can contribute to increasing the access to financial services and to financing, to boost the growth of the economy and of the SFM.

The 2018 ENAFIN revealed that, on average, 46% of companies in Mexico requested or had some type of financing at least once since they started operating, and said percentage was higher among large companies than among micro-enterprises. In 2017, 27% of companies had some type of credit, and the source they used the most was commercial banks. That same year, one out of four companies applied for a loan, of which nine out of ten were approved. On the other hand, we found that financial services had a high penetration among companies, given that 87% of them had some type of banking product or service, 67% used online banking as means of payment, and 71% had some type of insurance policy. Furthermore, one out of three companies accepted payments with credit or debit card, and eight out of ten continued performing financial operations at the financial entities' physical branches.

The results of the ENAFIN also allow measuring the advances of non-banking sectors and of new financial technologies,

such as crowdfunding: in 2018, one out of five companies mentioned being aware of said financing, proportion similar to the companies that stated knowing about the financing possibilities through the stock market sector.

On the other hand, the results were communicated through the publication of a results report, a leaflet with the main results and a series of tabulators of the concepts investigated, with all the data shown on a national level, and by company size, size of locality and by economic sector. Its dissemination was done through the Commission's webpage and social media.

The CNBV organized in October 2019 the forum Challenges and opportunities for financing the corporate sector in Mexico, in a joint call with the SHCP and the INEGI.

In it, different keynote speeches and discussion panels were presented, focusing on the state of affairs and perspectives of financing the corporate sector in the country, with the participation of the Commission, the SHCP, the Office of the Presidency, the World Bank and representatives from academia and the private sector.

In addition, the CNBV, in collaboration with the INEGI, presented in the forum the results of the 2018 ENAFIN.

The Law to Regulate Financial Groups (LRAF) establishes that the National Council for Financial Inclusion (Conaif), of which the Commission is a member in its capacity as Executive Secretary, is the entity responsible for coordinating and implementing financial inclusion efforts and actions, as well as issuing a National Financial Inclusion Policy (National Policy). In this sense, the Conaif approved the National Policy in June 2016.

Nevertheless, it was concluded that said policy needed to be reviewed in order to: 1) include the importance of financial soundness; 2) establish specific indicators for each one of the objectives, and its respective goals, and 3) consolidate in one single document the National Policy and the National Financial Education Strategy, also established in the LRAF, among other reasons. Furthermore, it was deemed necessary to carry out consultations with governmental entities that are not participating in the Conaif, academia, professional associations and development cooperation bodies, among other groups.

Forum on challenges and opportunities for financing the corporate sector in Mexico

National Financial Inclusion Policy

For that reason, in 2019 the Council began working on designing a new National Policy with the idea of having it approved in the first quarter of 2020. These works included sessions of the Conaif, of its Financial inclusion monitoring panel and the 1<sup>st</sup> Round of consultations with academia and experts in financial inclusion.

**National Financial Education Strategy**

The figure of Financial education committee (Committee) was established in the LRAF; its objective is to achieve a National Financial Education Strategy and coordinate the efforts, actions and financial education programs of its members.

In view of the foregoing, the CNBV in its capacity as a member of the Committee, participated in the meetings of the Committee, as well as in those of its Monitoring, development and research group, in which the incorporation of the Strategy into the National Policy was analyzed, among other topics. Said analysis focused on the convenience of having one single public policy paper that strengthens the coordination in terms of financial education and inclusion, and in the way this incorporation could be carried out.

**Program for the exchange of knowledge and experiences in financial inclusion**

In October 2019, the CNBV and the AFI (Alliance for Financial Inclusion) held the fourth edition of the program. In it, the experience of Mexico in the enactment and development of the LRITF was shared, and the international experience in topics involving the fintech sector was also analyzed. In the program, 40 officials from 28 member states of AFI participated, in addition to representatives of financial institutions and of international financial organizations.

**5.3. International affairs**

Throughout 2019, the Commission implemented an international strategy, with the purpose of strengthening its relationship with international multilateral bodies and homologous financial authorities from abroad, as well as to establish a robust platform of cooperation with said bodies and authorities, by starting up the pertinent coordination mechanisms, enabling the CNBV to be acknowledged as a reliable and innovative financial authority, both nationally and internationally.

The CNBV plays an active role in different international bodies, so that its regulatory and supervisory framework stays ahead, updated and aligned with the best international standards. During 2019, it participated in 85 working groups from fourteen international bodies, as well as five colleges of banking supervision and one of credit rating agencies, specified in Annex K.

By doing so, the CNBV's positioning in the international scenario is reinforced, given that it strengthens the collaboration networks and enables the exchange of information and experiences with homologous authorities, financial institutions and bodies from other countries. It also offers the Commission a broad perspective on current trends in global markets, by providing valuable elements to identify in a timely manner potential risks and vulnerabilities in financial markets.

In addition, in the period reported, the CNBV reinforced its ties with international bodies.

In September 2019, the Commission became a member of the NGFS (Network of Central Banks and Supervisors for Greening the Financial System). Said Network is a forum of voluntary participation that currently has 55 members and twelve observers, whose purpose is to exchange experiences, share best practices, contribute to developing risk management related to climate change and the environment within the financial sector, and mobilize financing to support the transition towards a sustainable economy.

On the other hand, in October 2019, the Commission was accepted as a member of GFIN, which hosts the participation of more than 50 institutions from all over the world, between members and observers; its goal is for regulators to collaborate and share their experiences in financial innovation from their respective markets, including blossoming technologies and business models.

Furthermore, in December 2019, the CNBV joined the United Nations Global Compact, and by doing so pledged to align its operations and strategies with the ten universally accepted principles in the areas of human rights, labor, environment and anti-corruption.

It is also worth mentioning that, in September 2019, the President of the CNBV was named member of the AFI's Board of Directors, for a period of two years. It is the body in charge of providing general strategic orientation and supervision of the Alliance's direction and activities. The participation of the CNBV in the Board of Directors allows for a more strategic

**Presence of the CNBV in international bodies**



participation of the Commission in the AFI, by enabling a direct involvement in the advancement of financial inclusion policy on a national, regional and international level, through associations and cooperation agreements with other regulators, as well as with international organizations and leaders from the private sector.

In the same sense, also in September 2019, the AFI awarded an acknowledgement to the CNBV for the efforts made in terms of financial inclusion with a gender perspective; what this award highlights is the collection, systematization, analysis and dissemination of the data on financial products and services disaggregated by gender. This acknowledgement positions the CNBV as an ambassador in terms of inclusion with gender perspective.

On the other hand, in June 2019, this Commission's Vice President of Regulatory Policy was named Director of the North America Region of the Board of Directors of ASBA, which represents an acknowledgement to the quality of the practices in banking regulation and supervision implemented in Mexico throughout the past years and, specifically, to the CNBV's leadership in the region, by sharing with other latitudes successful and innovative practices in terms of regulation of financial technology and risk-based supervision.

As to the International Organization of Securities Commissions (IOSCO), in September 2019, the Vice President of Regulatory Policy was named President of the Working Group on Fintech, which will generate recommendations for the use

of technological innovation accelerators in the Growth and Emerging Markets Committee of IOSCO.

The CNBV has the power to develop and negotiate legal instruments and agreements with international bodies or authorities from other countries with regulation and supervision functions that are similar to the Commission's. These cooperation mechanisms facilitate the exchange of non-public or reserved information, used to ensure regulatory compliance and the sound and adequate development of the financial system. Furthermore, the agreements facilitate international cooperation to conduct inspection visits to entities located in other jurisdictions, through the competent authorities; implement coordinated actions of common interest; provide and receive technical assistance and share alerts on situations that could affect the stability of financial systems.

In this regard, during 2019, the CNBV signed the following cooperation Instruments: 1) an MoU (Memorandum of Understanding) with the Central Bank of Brazil; 2) an MoU with the Financial Conduct Authority (FCA) of the United Kingdom, and 3) a Cooperation agreement with the authorities supervising crisis management from Grupo Santander, arranged by the Single Resolution Board (SRB) from the European Union. Furthermore, an Addenda to the MoU was negotiated between the CNBV and the Superintendence for Banking, Insurance and Private Managers of Pension Funds from Peru.

**Agreements on international cooperation and exchange of information**





Technical assistance and inspection visits

With the purpose of strengthening the international cooperation for development and to promote the Commission to be acknowledged as a reliable and innovative financial authority around the world, technical assistance visits with homologous authorities from abroad and with international bodies are being fostered.

In view of the foregoing, in 2019 twelve technical assistance visits were coordinated to boost international cooperation with financial authorities, as shown below:

Technical assistance visits

Date	International authority or body
April	Authorities from Nigeria (Central Bank, Council for Housing Loans for State Workers, Federal Mortgage Bank, and Social Welfare) Financial Crimes Enforcement Network (FinCEN)
May	Bank Superintendence of Panama Embassy of Japan in Mexico / Japan Center for International Finance (JCIF)
June	Lord Mayor of the City of London Embassy of Sweden in Mexico
August	Federal Reserve Bank from Dallas
September	Authorities from Cuba (Central Bank, Popular Savings Bank and Credit and Trade Bank)
October	Development Bank of Latin America Corporación Andina de Promoción (CAF) Honduras National Commission for Banks and Insurances Superintendence of Banks from Ecuador
December	Financial Services Commission from the British Virgin Islands and Central Bank of Curaçao and Sint Maarten.

Furthermore, the CNBV has the power to conduct in situ inspection visits together with foreign authorities or, when applicable, coordinate and establish the proper terms to conduct inspection visits to subsidiary entities and issuers subject to its supervision, by foreign supervisory authorities.

In view of the foregoing, the CNBV coordinated five in situ inspection visits and remotely participated with the Cayman Islands Monetary authority, as shown in the following table:

2019 Inspection visits in situ

Date	Foreign authority	Entity
January	Office of the Superintendent of Financial Institutions, OSFI from Canada	Scotiabank
March	European Central Bank (ECB)	BBV Bancomer
May	Securities and Exchange Commission from the USA	HR Ratings
July	Central Bank of Uruguay (BCU)	Scotiabank
November	Federal Authority for Financial Supervision from Germany ( <i>Bundesanstalt für Finanzdienstleistungsaufsicht</i> , BAFIN)	Deutsche Bank

Desk Inspections (Remote inspections)

Date	Foreign authority	Entity
July	Cayman Islands Monetary Authority, CIMA	Nafin
July		Banorte
September		Bancomext

International training

The CNBV has kept its positioning on an international level, which has given the Commission access to technical reinforcement and training tools for its personnel, helping coordinate three in-person courses abroad, three virtual courses and eight with speakers from other foreign homologous authorities and/or international bodies in the Commission's facilities.

In addition, close to 140 officials were trained with in-person seminar models in Mexico, abroad and online. Among the homologous foreign authorities, and international and regional bodies that led these seminars, in coordination with the CNBV, we have the Board of Governors of the US Federal Reserve (FED), the *Instituto Iberoamericano de Mercados de Valores (IIMV)*, the ASBA, and the *Centro de Estudios Monetarios Latinoamericanos (CEMLA)*.

Technical assistance projects

During the period reported, the CNBV coordinated with international financial bodies, technical assistance projects to address sectors that are critically important to the Commission, among which the following stand out:

- IADB. 1) Projects about SupTech, focused on the study of the CNBV's information mechanisms and the analysis of algorithms required to improve the supervision regarding the widening of its regulatory perimeter; 2) extension of the works analyzing the cybersecurity situation in the SFM; for this analysis and also based on it, the corresponding recommendations were issued; 3) discussions on designing programs linked to the analysis and definition of the SFM's architecture, as well as on tailoring the strategy for green finances that would guide the financial regulatory body, and 4) developing analysis mechanisms surrounding financial inclusion.
- World Bank. Proposals to develop the capital market in Mexico. In this sense, the Commission worked with the SHCP and contributed to defining indicators that would enable the granting of specific WB programs to Mexico.
- British Embassy in Mexico. As part of the Prosperity Fund Mexico Financial Services Programme, the British Embassy collaborated with the CNBV to implement the LRITF, in the following projects:

1. Development of a regulatory standard for APIs. During 2019, the CNBV worked, with the support of the British Embassy, in generating the standard, security and architecture of transaction data, which includes obtaining the clients' consent, as well as its revocation. As part of this project, a pilot test will be carried out to implement the standard for security and architecture that was determined.
2. Regulatory sandbox. Organization of the Sandbox Challenge, which is the first innovation contest in Mexico to advertise the Innovative Models scheme (Sandbox) provided for in the LRITF. The contest is sponsored by the Embassy through the Prosperity Fund and organized by both Development Alternatives Inc. (DAI) and Distrito Emprendedor (DE), to intensively advance the concept and identify strong candidates to enter the Sandbox.

- *Sparkassenstiftung für internationale Kooperation e.V.* (German Foundation of Savings Banks for International Cooperation). The bases to establish a collaboration agreement on activities were developed; these are oriented towards the following topics: 1) financial education, dual formation, training and technical assistance; 2) exchange of knowledge in financial topics; 3) exchange of information that is not reserved or confidential, and 4) organization of events aimed at financial inclusion. As soon as the agreement is signed, which will take place in 2020, the first project to develop together will be the "*Premio de Ensayo de Inclusión Financiera*" (Award for Essay on Financial Inclusion), in which *Sparkassen* will support as co-convenor in the dissemination of the prize and as jury for the different essays that undergraduates and master's students in Mexico may present on this matter.

The CNBV is committed to the objectives of the 2030 Sustainable development agenda, through concrete actions involving digital financial inclusion, access to financial services for all and the drive for sustainable finances.

Sustainable finances

In this sense, the CNBV has met with various players, with the purpose of improving the understanding of the matter, seeking partnerships, as well as technical reinforcement on this matter. Throughout 2019, meetings were held with the agencies and institutions, and these events are presented in the following chart:



In these meetings, we delved deeper into green finances so that this topic becomes a part of the CNBV's strategic objectives, and we can build a path based on the Commission's leadership leading to sustainable financing of growth.

Throughout 2019, various information and analysis activities involving relevant topics for the financial system were carried out, with the intent to broaden the information archives for the general public, as well as to support substantive tasks and decision-making in the Commission.

The CNBV continued generating reports and internal analysis periodically. For instance, the Weekly report on the economy and markets includes the main economic, financial indicators and the main stock markets in the world, as well as relevant events in the economies of Mexico and other countries.

Furthermore, in order to provide an overview of the financial system as a whole, we continued generating the monthly reports: 1) Perspectives of the Financial Sector in Mexico, and 2) Mexico's macroeconomic perspective. The first report presents relevant statistics on the sectors regulated by the CNBV, and the second one summarizes information from Mexico's economic indicators.

At the end of 2019, the Commission started designing the Report on expectations for the global economy and for Mexico, which compiles the forecasts of the main economic variables for Mexico from various surveys and national and international institutions. Furthermore, it gathers information on expectations and risks for the global economy.

This document presents statistics on savings and financing channeled through the SFM's various intermediaries. The base included holds quarterly information from September 2000 to the date of its publication.

During 2019, four reports were published on the Commission's webpage, with figures updated as of September and December 2018, as well as of March and June 2019. It is worthwhile emphasizing that, as of March 2019, the report was visually redesigned, and some methodological modifications were carried out to improve the information available on savings and financing.

In the period reported, the Commission continued generating documents and participating in discussions in order to share opinions and experiences with other financial regulators and supervisors, as well as with experts in economic and financial topics of common interest.

## 5.4. Research and economic studies

### Periodic reports

### Report on financial savings and financing

### Participation in forums, events and work groups



## 5.5. Financial inclusion

The CNBV contributes to financial inclusion by providing information on the status it has in the country, by conducting studies on the four dimensions that constitute it: access, use, protection and financial education. Furthermore, the CNBV works as a consultative body for the Federal Government in topics related to the SFM's sound and balanced development, in its capacity as Executive Secretary of the Conaif and as a member of the Committee on Financial Education. Finally, the Commission participates in international bodies involving financial inclusion and education.

### Studies, bulletins and databases on financial inclusion

The CNBV started disclosing various publications, with the purpose of disseminating relevant information on financial inclusion in Mexico and in other countries and, thus contributing to the analysis, understanding and dissemination of this topic.

In this sense, the CNBV's webpage published the Annual overview on financial inclusion, as well as three studies: 1) Financial literacy in Mexico; 2) The financial needs of the population in Mexico, and 3) The geography of financial inclusion. In addition, two case studies on innovation in terms of financial inclusion were disseminated: AliPay and M-Pesa.

With regard to regular publications on the issue of financial inclusion, four quarterly bulletins and four databases were issued, which came with an executive report with historical data and an infographic with the main advances. Furthermore, starting with the report corresponding to the second quarter of 2019, coverage maps of the financial infrastructure were generated.

### National Financial Education Week (SNEF)

For the seventh time, in 2019 the CNBV participated in the SNEF's central headquarters, with the theme "The farm of finances". Furthermore, the Commission addressed topics such as savings and the importance for the general public to have them in institutions supervised by the CNBV, so that they are backed by schemes of protection of savings. On this occasion, in line with IOSCO's Investor week, a conference was offered on financial education and the protection of retail investors.

A total of 3,546 persons visited the Commission's stand during the four days of the event. At the end of the visits, a survey was applied, whose main findings indicated that the age group with most visitors was the 19- to 30-year-old age group, and from the total number of visitors, 43% were students, 44% employees and 52% had a bachelor's degree.

## Alliance for Financial Inclusion

The CNBV is a member of AFI, as well as of all its task forces and those of the Financial Inclusion initiative for Latin America and the Caribbean. As such, its President received a courtesy visit from a delegation led by its Executive Director, Dr. Alfred Hannig, in which the Commission's participation in the Alliance was reaffirmed, in the meetings, documents and surveys aimed at establishing financial inclusion strategies.

In addition, in September 2019 the Commission participated in the Global Policy Forum, in which the President was named member of the AFI's Board of Directors for the 2019-2020 period.



## 5.6. Social communication

In terms of social communication, in 2019 the dissemination and promotion of the institution's image was strengthened internally as well as externally, through coherence in messages and identity as the SFM's regulatory body. This encompassed the following topics and actions:

Relaying informative contents directed at users of financial services, at supervised entities and at the general public.

- 80 press releases, with statistical information aimed at the various segments that constitute the country's financial sector, as well as at the public interested in various issues on the financial sector.
- 74 press releases, with statistical and financial information from the sectors supervised, ICAP, LRITF and circumstantial topics, among others.
- 6 communications campaigns to meet the CNBV's informative needs; among them, dissemination of the ENAFIN's publication (in collaboration with the INEGI), the authorization process for fintech and the certification in terms of AML/CFT.
- Dissemination of the events in which the CNBV participated, such as the SNEF, the Forum on Cybersecurity, the series of advice from the Prosperity Fund Mexico Financial Services Programme, as well as the advice corresponding to the 2030 Sustainable Development Agenda.
- Dissemination of information on service intermittency of PROSA, a company offering payment means and electronic transactions, that affected users of financial services, with the purpose of offering guidance and broadcasting in a timely manner the situation and the solution process.

In terms of communication campaigns that are led on a permanent as well as on a temporary basis throughout the year, the following stand out:

- Permanent campaigns: 1) Dissemination of statistical information; 2) Dissemination of the PES; 3) Encouraging savings in institutions that are authorized, regulated and supervised by the CNBV; 4) Dissemination of the Information Portfolio; 5) Information on the seizing of accounts that comes from addressing requests from authorities; 6) Dissemination of new financial regulation, and 7) Information on the fintech sector.

- Temporary campaigns: 1) Dissemination of the certification in terms of AML/CFT; 2) Dissemination of information on financial inclusion; 3) Awareness campaign in terms of cybersecurity; 4) Collaboration with other international entities, and 5) Information on the Conaif.

As to the monitoring of the information published by the Commission, as well as of reception and response to information requirements from any citizen.

- Throughout the year, a little over 15,000 mentions of the CNBV were detected in different media outlets, including 11,547 in websites, 2,388 in newspapers, 696 in radio, 340 on TV and 68 in magazines.
- On social media, the CNBV has more than 200,000 followers on Twitter, followed in importance by Facebook, with more than 10,000; LinkedIn and YouTube have more than one thousand followers each, followed by Instagram with close to one thousand followers detected.
- The Commission addressed 732 inquiries received through the CNBV's website contact e-mail address (info@cnbv.gob.mx).
- 803 information requests were attended, which were received by the Commission, either informally or through social media.

Among the actions to improve the institutional image and identity, in terms of internal communication, the following stand out:

- Communication mechanisms with all the administrative units. Support in the design of documents to establish graphic styles of communication aligned with the Federal Government.
- Internal communication campaigns for events and awards: 1) Recognition ceremony, acknowledging the professional career of public officials; 2) International Women's Day, and 3) Institutional Pride, Ponte el PIN (Put your PIN on).
- Scheduling of the newsletter Comunicación CNBV; new flashes on screens in CNBV premises; generating briefs and the daily digital informative folder.





- Generating guidelines so that the different areas can disseminate their own relevant topics, taking into account mass media and types of messages.
- Support for the participation of Commission officials in various media outlets.
- Support for the participation of the CNBV's President in events organized by representatives from the financial sector and assistance in addressing various interviews and talks with mass media.
- Help with eleven events, highlighting: 1) The 82nd 2019 Banking Convention; 2) Global Compact; 3) AMSOFIPO Annual Convention; 4) Meeting with the Bank of Spain; 5) 125th anniversary of Grupo BMV, and 6) BIVA, launch of the FTSE4GoodBiva Index.
- Providing training courses focused on mass media/media outlets for CNBV officials, so that they have the ability to be institutional spokespersons, giving interviews to various mass media or exposure in public forums.

Management of the CNBV website, including generating, reviewing and updating various contents such as: 1) Information Portfolio; 2) financial inclusion; 3) sanctions, and 4) PES.

Another relevant fact about these actions that stands out is that throughout 2019, 8.4 million views on the website were generated by more than 800,000 users.



# MANAGEMENT

## 6.



### 6.1. Introduction

This section describes the main administrative activities, in a framework of efficiency, transparency, austerity and accountability. The know-how, experiences and aptitudes of all the personnel stand out, to create a work environment that is both appropriate and coherent with the CNBV's principles and objectives.

6.2. CNBV people

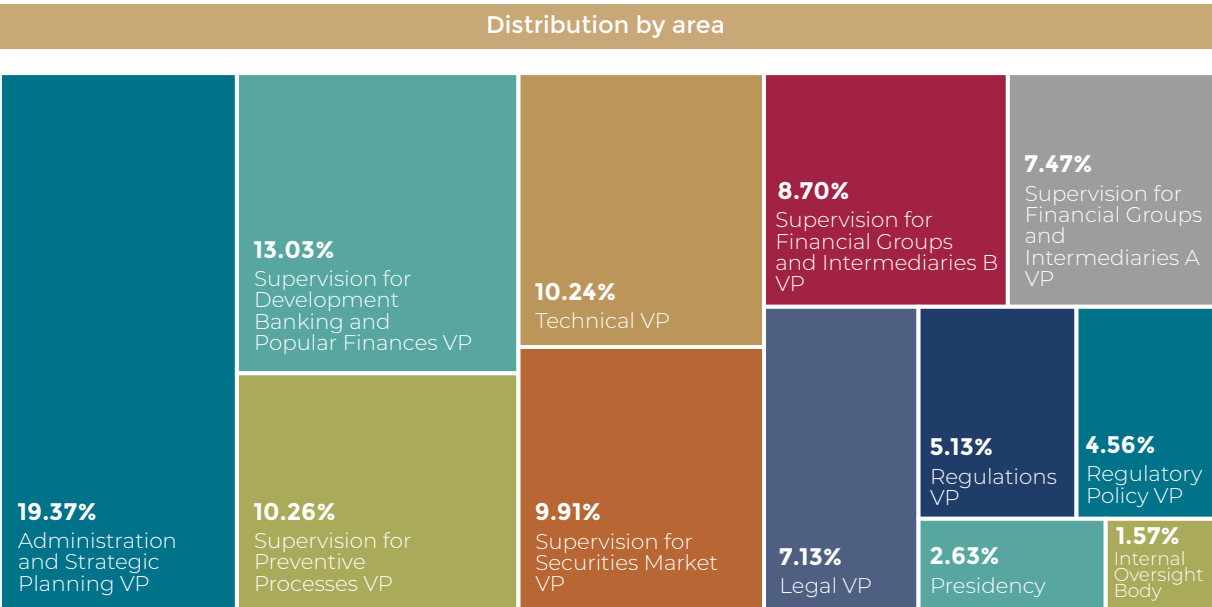
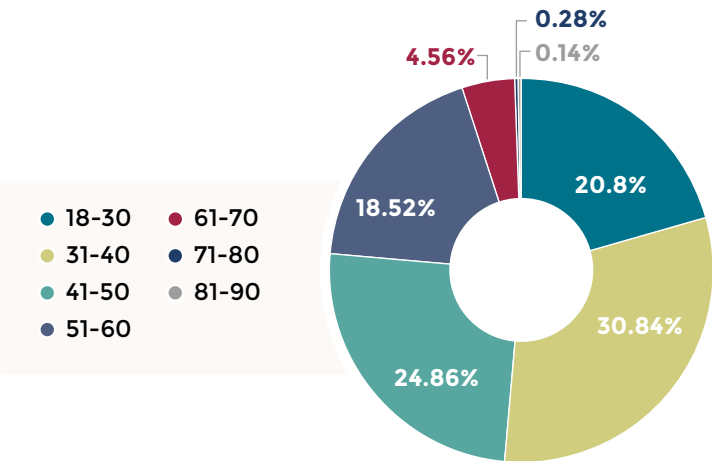
The CNBV considers human capital to be a key factor to achieve its objectives and responsibilities; human capital remains its main asset, and it is made up of 1,404 public officers that work at the Commission.

It is important to highlight that the Commission has a Professional Career Service (SPC), which is a public policy in place to professionalize this institution's public officers. The SPC has been in force since 2003, ensuring the admission, growth and permanence of the personnel based on merit and equal opportunities in a framework of transparency and legality, as well as attracting the best candidates. Up to the period reported, the institution has 770 positions subject to SPC, representing 46.3% of its total workforce.

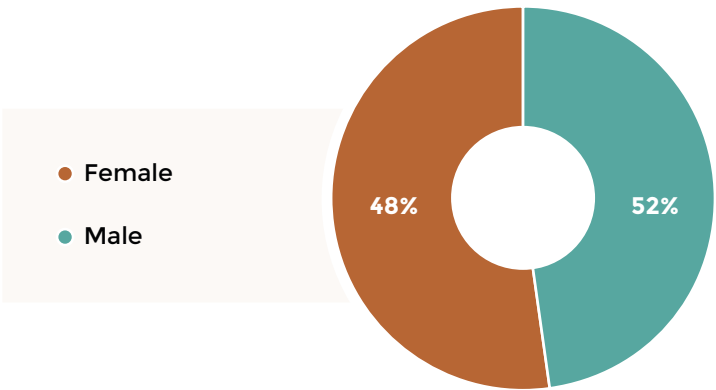
Personnel profile

The age mean is 41 years old

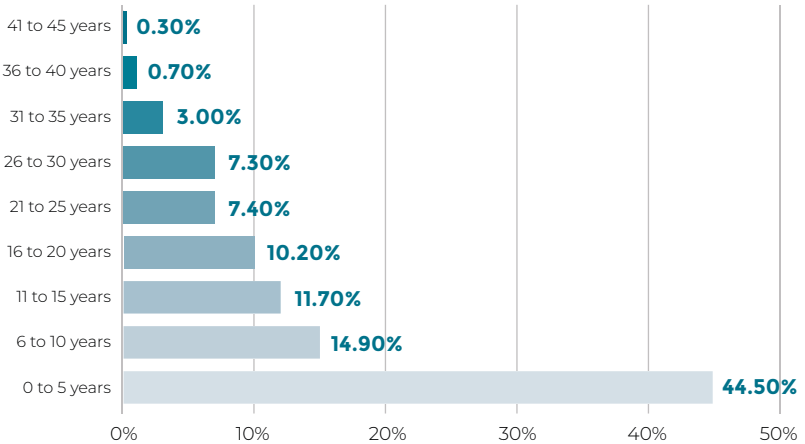
Distribution by age



Distribution by gender



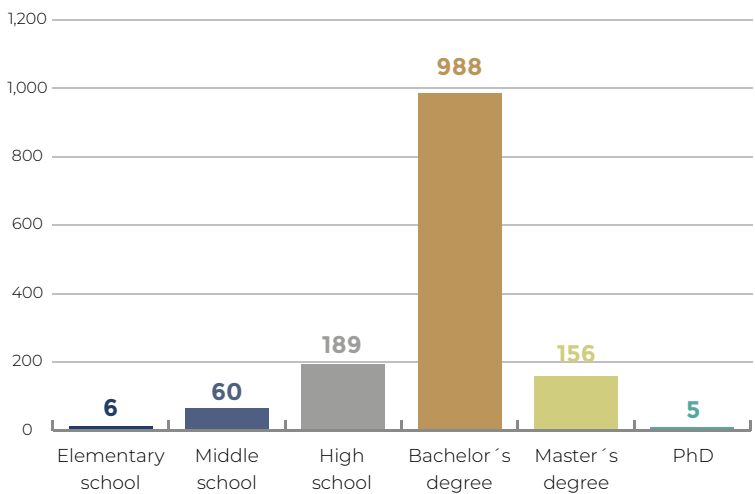
Distribution by seniority



Average seniority is 11.1 years of service

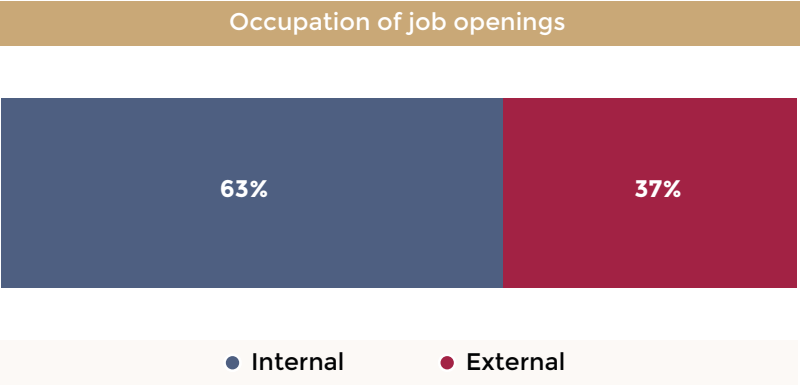
81.84% of employees has professional studies

Distribution by education level



Occupation of job openings

During the period, the Commission has acknowledged the professional career and experience of its public officers, through promotions to fill job openings. 63% of job openings was filled by promotions to internal staff.



On the other hand, with the intent to support and contribute to strengthening the different areas of the CNBV, 445 students from different universities and higher education institutions, performed their social service and/or internships in the Commission, which furthered their career in a setting suitable for professional growth.

6.3. Relevant topics of the year

Compliance with republican austerity provisions

Throughout 2019, the President of Mexico established republican austerity as a paramount value and guiding principle of the Mexican civil service, by enacting various provisions and regulations that established measures to generate savings in public spending regarding wages and salaries, social benefits and services provided by third parties.

In accordance with republican austerity and the corresponding provisions issued, the CNBV fully complied with the austerity measures, performing the following actions: 1) reductions to wages and salaries by modifying the salary levels and budgetary codes; 2) cancellation of 101 authorized positions by means of budget transfer, and 3) as of January 1, 2019, elimination of the medical service provided by third parties from the private sector, as previously agreed upon between the CNBV and the ISSSTE, granted to middle and upper management personnel, to their beneficiaries, and to retired personnel, as well as the cancellation of the major medical expense policy to said personnel.

6.4.1. Human, material and financial resources

Training activities

In order to strengthen the technical and managerial skills of the CNBV's staff, throughout 2019 an Annual Training Plan was designed and executed, integrated by nine specific programs, highlighting the following results:

6.4. Regular activities

Human resources

Program	Objective	Actions
Substantive technical, legal and administrative	Address the needs to update technical and specialized know-how, as well as the strategic technical and administrative abilities of the personnel from the substantive, legal, financial, banking, stock exchange and administrative areas.	1,120 hours of training in 57 courses for 705 public officers.
International training	Update of technical and specialized know-how, derived from the collaboration agreements signed by the CNBV with international counterparts.	11 training activities in Mexico and abroad with the participation of 163 public officers.
Human development	Creating a positive vision of the future, as well as the ability to build a life and career plan with specific objectives and actions to achieve it.	30 training activities directed at 445 public officers. 5 conferences with the attendance of 218 public officers.
Civil protection	Strengthening the development of a civil protection culture, to improve responsiveness in dire circumstances such as earthquakes, fires and first aid medical assistance.	9 theoretical-practical courses for brigadiers with 135 attendees.
Specialized computing	Acquiring specialized IT knowledge for personnel assigned to IT, Information Analysis and Supervision of Operational and Technological Risk areas. Addressing the needs to update technical know-how of CNBV staff as to the use of Office and its components.	10 highly specialized courses in software development and information exploitation given to 45 public officers. 34 basic courses with the participation of 375 public officers.
English	Provide a comprehensive development of understanding, interacting, reading, and writing skills in English. A program was designed with level-based modules, with a combined methodology defined by CEFR (Common European Framework of Reference).	9 groups of conversational workshops with 73 participants.
Accreditation of Higher Secondary Education with one Single Exam	Provide public officers who did not study or did not complete their higher secondary education, with the knowledge necessary to accredit the Single Exam of Higher Secondary Education.	15 public officers participated in a 72-hr program, with 100% accreditation



INAI	Offer public officers free online courses aimed at the professionalization of public officers and specifically at their training on the culture of transparency and governmental openness, accountability and information privacy in the APF, given by the INAI.	479 public officers participated in training activities on issues of transparency.
Leadership	Establish self-knowledge criteria that allow to promote the development of talent and personal leadership, as well as strengthening and practicing the personal drivers that allow acquiring habits that help with personal wellness and high performance.	6 workshops with the participation of 122 public officers.

With these actions, 1,318 public officers were trained, which represents 93% of the CNBV's personnel. They spent 63,855 hours attending the sessions, showing a high level of achievement, with an average score of 96 points on a scale from 0 to 100.

Furthermore, staff career public officers (SPCT) received on average 62 hours of training and 82% of them took at least 40 hours of training.

Other actions

With respect to certification activities of SPCTs, as well as the performance evaluation of the CNBV's command and operational staff in the period reported, the Commission followed up on these issues in order to comply with the corresponding regulations.

Regarding the information services of the Commission library, continuity was given to the subscriptions and inter-library agreements to help employees perform their functions and activities.

Activity	Objective	Actions
Certification	Specific follow-up on the deadlines established to carry out the procedures, program the presentation of examinations and comply with the regulations in force, so that 100% of the personnel subject to the SPCT obtained their certification.	36 SPCTs, which meant applying 108 technical exams with a managerial skills section.
Performance evaluation of command staff	Conduct the procedure for the corresponding period from January to December 2018, based on the regulations on performance evaluation and based on the model authorized by the Ministry of Public Administration (SFP).	920 public officers were evaluated, of which, 329 correspond to directly appointed officials and 591 to SPCTs.

Performance evaluation of operational staff	Carry out the operational staff procedure corresponding to fiscal year 2018, as provided for in the Law on Civil Prizes, Stimuli and Rewards.	421 operational level public officers were evaluated, 30 stimuli and 11 rewards were granted.
Library	Support when carrying out the CNBV's functions and activities, offering users in a timely manner, specialized and updated information, in the economic, banking, financial and securities areas.	37,278 services to internal users and 310 services to external users, through 78 subscriptions to national and international news media.

During 2019, the CEPCI-CNBV executed its Annual Work Program in accordance with the deadlines established by the SPF's Unit of Ethics, Public Integrity and Prevention of Conflicts of Interest (UEIPPCI). Among its activities, the following stand out:

Committee on Ethics and Prevention of Conflicts of Interest (CEPCI-CNBV)

- Update and dissemination of regulations: 1) Bases for the functioning of the CEPCI-CNBV; 2) the CNBV's Code of Conduct; 3) Procedure to receive, register, analyze and issue a statement concerning the complaints that any person presents before the CEPCI-CNBV, and 4) Protocol for handling the complaints that any person presents before the CEPCI-CNBV.
- Renewal of members through the appointment and election of four members of the CEPCI-CNBV along with their respective substitute members.
- Handling of eight complaints based on the procedure and protocol mentioned, due to possible non-compliance with the Code of Ethics of Public Officers in the Federal Government, with the Rules of Integrity for the exercise of public office and with the Commission's own Code of Conduct.
- Courses and rounds of conferences in terms of discrimination, ethics, public integrity, workplace harassment and human rights.
- Induction discussions for 216 newly incorporated public officers, so that they become familiarized with the work, functions, integration and legal framework of the CEPCI-CNBV, the means to present a complaint, its handling process, and what the principles, values and rules of integrity of public office are.



- Dissemination of the principles, values and rules of integrity of public office and how to apply them, the enforceability to declare any possible conflict of interest, composition of the CEPCI-CNBV and, in support of the national policy against the theft of hydrocarbons and in accordance with the request from the UEIPPCI, the following internal communication campaigns were carried out: 1) The pillars of the new Ethics; 2) Know your new Code of Conduct; 3) 2019 Declaration of Assets and of Interests; 4) Dissemination of who the members of the CEPCI-CNBV are, and 5) National Strategy against the theft of Hydrocarbons.

### Gender equality

In 2019, the Commission continued with the institutional fight against violence, inequality and discrimination through the following actions:

- Training for public officers through courses on gender equality, gender perspective and non-discrimination, among others.
- Drafting of the Statement of Zero Tolerance to Sexual Bullying and to Sexual Harassment in the CNBV, and dissemination to the Commission's public officers.

In October 2019, the ECCO was applied, analyzing 27 factors that evaluated the state of the institution, mainly on topics of institutional culture and work environment, as well as on handling the ICT. This survey was applied to 1,021 respondents, which represented 74.25 % of total personnel.

Based on the results obtained in the ECCO 2019 and with the purpose of implementing strategies that contribute to improve institutional life, the Practices of work environment and organizational culture transformation were developed, which were approved by the SFP for their implementation in 2020. The main objectives of these practices are:

- Disseminate areas of opportunity concerning organizational culture, to all personnel.
- Balance family and work responsibilities of CNBV employees, fostering the CNBV values.
- Inform employees about the social benefits the Federal Government is currently offering, as well as commercial agreements on discounts.

### Results of the Institutional Culture and Work Environment Survey (ECCO)



- Retain talent through opportunities for personnel advancement, promotion and hiring, based on the principles of equality and non-discrimination.
- Feedback and follow-up on the performance of public officers from command staff and operational staff, for their professional development.

On the other hand, based on the evaluation of the 2018-2019 Practices of work environment and organizational culture transformation (PTCCO), the Commission recorded in the SFP system the reports and proofs of the practices that were implemented and fully completed.

## Strengthening human capital

In 2019, 391 public officers from the CNBV were acknowledged for their professional career and rewarded with promotions: 141 corresponded to command staff, 144 to lateral movements of personnel subject to the SPC, twenty to internal contest winners and 86 to operational staff.

To implement this, the corresponding dealings were carried out before the SHCP for the authorization of positions subject to SPC, as well as their corresponding publication through eighteen calls to compete for 244 positions.

On the other hand, 256 new hires of personnel were carried out, of which 89 correspond to command staff appointments, 79 to appointments under Article 34 of the Law on the Professional Career Service in the Federal Public Administration (LSPCAPF), 22 to personnel subject to the SPC and 66 to operational staff.

It is important to point out that this new personnel complied with all the requirements of the regulations applicable for the hiring of personnel in the CNBV. These profiles complied with all the controls and authorizations, both internal and external, as well as with the ones established by the SHCP and the SFP. Therefore, throughout the entire hiring process, professional competence, work experience, as well as suitability of each new public officer were carefully considered.

In addition, it is worth mentioning that the positions were filled in an average time period of 30 days by professionals with a solid work experience in public administration, especially in the financial sector, such as SHCP, Banxico, Nafin, among others, as well as from financial entities in the private sector.

## Records coordination

In 2019, actions were carried out to improve the handling and control of records, that consisted in communication to the areas and participation of the Persons Responsible for Procedure Records (RAT) in the CNBV:

- Dissemination of the institutional filing system, as well as of the importance of keeping adequate control within each area.
- Integration of files by RAT of the CNBV and their support staff, in the framework of the actions aimed at implementing the institutional filing system.

## General services

In accordance with the new provisions on savings in public spending on services supply and hiring, the CNBV adhered to the consolidation and framework contracts programs implemented by various federal agencies. This allowed reducing spending in services such as cleaning, security, gardening, pest control, stationery, cafeteria, vehicle leasing, gasoline, etc., representing savings between 8% and 25%, corresponding to multi-annual procurement.

Administration of the CNBV's 2019 budgetary resources was carried out in an efficient, responsible and transparent manner. The observance of its regularization, proper operation and fulfillment of the tasks entrusted to the CNBV are guaranteed, adhering at all times to the regulations established by the APF (Federal Public Administration).

Listed hereunder, are the main achievements obtained during 2019:

- In compliance with the Public Procurement Strategy of the Presidency of Mexico, 131 procurement procedures were carried out through public bid, invitation to at least three people and direct award, for a total of \$686.38 million MXN; these were performed electronically, published on the SFP's website CompraNet; the consolidations established by the SHCP are to be found among these public bids.

## Material resources

## Financial resources



Herewith, we promoted the participation of more bidders and complied with the principle of maximum publicity in the use of public resources, making the contracting processes transparent and enabling citizens to access the information regarding the use of these resources.

On the other hand, contracts were made with agencies, entities and public entities of federal character with autonomy, derived from the Political Constitution of the United Mexican States, for an amount of \$38.80 million MXN.

It is worthwhile mentioning that, of the referred contracts, the amount of \$308.61 million MXN was awarded to micro, small and medium-sized companies (*mipymes*).

As to the efforts made to recover non-performing portfolio corresponding to payment of rights from financial entities, a conciliation was performed with the information sent by the SAT tax authority with the debts controlled by the CNBV. This way, 4,724 prevailing debts were identified, corresponding to the fiscal years from 2015 to 2018, reason why 895 payment orders were issued and sent to the entities that had debts from 2015 to 2017, as well as 1,138 payment reminders, corresponding to fiscal year 2018.

In addition, 1,551 debt notices were sent to the SAT due to payment of rights from fiscal year 2015, to SOFOM E.N.R. and to currency exchange centers.

On the other hand, in order to improve debt collection management, efforts were made so that debt notices were made by using the electronic signature and a reference code for payments to public authorities.

Due to these actions, non-performing portfolio was recovered worth \$64.85 million MXN.

- In terms of income, the financial entities subject to the supervision and monitoring of the Commission, complied with the obligations established in the current LFD, given that they covered the fees due to rights that they must pay as compensation for the services they receive. These resources were assigned to the Commission to finance its operation, based on the budget of expenditures approved by the Board of Governors and authorized by the SHCP, as well as based on the Law in reference.
- In order to comply with the institutional objectives, in 2019 the allocated resources were efficiently managed based on strategic priorities, which ensured sufficient financial resources. The budgetary exercise is shown below:

**Budgetary exercise as of December 31, 2019**

Chapter	Budget spent (million MXN)
Personal services	\$ 1,041.88
Materials and supplies	\$ 2.83
General services	\$ 652.20
Transfers, allocations, subsidies and other aids	\$ 6.28
Total	\$ 1,703.19

The Commission's accounting and budgetary record has been aligned with the applicable regulations, reason why the CNBV was subject to various audits, both internal and external. The budget statements and information are prepared, in all aspects, in accordance with the provisions established in the General Law of Government Accounting and in the Federal Law of Budget and Fiscal Responsibility and its Regulations.

- In terms of fulfillment of the obligations the CNBV has with its suppliers, throughout 2019 more than 2,950 payment orders were received, allocated to the different expenditure chapters, which were addressed and dealt in accordance with the institution's objectives and strategic priorities.

**6.4.2. Management of information and communication technologies (ICT)**

During 2019, the IT goods and services required by the CNBV's administrative units were supplied and developments and updates on technological platforms were launched in order to increase coverage of supervisory and attention to authorities processes. The activities and projects that stand out are the following.

In line with the CNBV's strategic priorities in terms of adoption of technological supervision, in 2019 the first stage of design and development of the Suptech platform was launched. This platform will support the processes of reception, validation, storage, information processing, and generation of dashboards of descriptive analytics for the FTI sector and for the supervision in terms of AML/CFT.

The platform will hold a cyphered communications channel with the entities for the reception and safe storage of

**Suptech Platform**



regulatory information, automating validations as to format and business, maintaining it available for consultation, analysis and usage, through dashboards of descriptive analytics that will increase the quality and efficiency of supervisory activities.

At the end of 2019, progress was made in terms of developing APIs for the reception of operational and accounting information of FTIs and in generating dashboards of descriptive analytics for AML/CFT supervision.

**Platform for attention to authorities**

With the purpose of comprehensively automating the process to address requirements from authorities, as well as the two-way flow of data and files between authorities, the CNBV and financial entities, in 2019 the Commission started developing a program to update the Platform for attention to authorities.

By the end of 2019, there was progress reported in terms of the automatic generation of authority official letters for the areas of taxes and seizures, implementing the use of the advanced electronic signature, as well as moving the repository of files to a new version of the operating system.

Derived from the publication of new resolutions that modify the general provisions in terms of AML/CFT, a development was made to update the Comprehensive system for AML/CFT supervision, which consisted in building a new portal for inquiries in the matter, functionality for appointing the compliance officer, automation of the revocation process of the certification in AML/CFT, and incorporation of new safety mechanisms and functionalities in the systems for administrator, agent and certification.

On the other hand, throughout 2019 we continued updating the platform tools for delivery of information from issuers (System of new issuances (SNE), RNV and Transfer system of securities information (STIV and STIV 2)), to improve the generation and usage of reports.

**6.4.3. Strategy**

For this administration, the CNBV worked on generating its institutional strategy; the goal of the pillars and strategic objectives set forth is to contribute to attaining the National Development Plan (PND), highlighting the topics of financial inclusion and the development of the financial system to benefit Mexican families.

In order to achieve this, the institutional strategy considers making substantive processes more efficient, fostering the development of innovative technological tools, having an adequate organic structure, the professionalization of human resources and a goal-oriented culture, with the purpose of tackling the challenges of the environment.

At the end of fiscal year 2019, the CNBV is waiting for the issuance of the National Program for Financing Development (PRONAFIDE) in order to align its strategy with it.

In 2019, the strategic projects were oriented towards the development and update of the CNBV's technological platforms, highlighting the Suptech Platform. In order to define and develop said projects, the institution's project management methodology was used.

**Other developments**

**Project management**

6.4.4. Process management

During the period reported, what stands out here is the updating of the analysis tool for business processes, which allowed the CNBV to work more efficiently on the analysis, design and documentation of processes.

In terms of documentation of processes, the actions focused on support processes, such as: strategic planning, project management, addressing requirements involving audits, as well as registration, update and cancellation of procedures in the Federal Registry for Procedures and Services (RFTS).

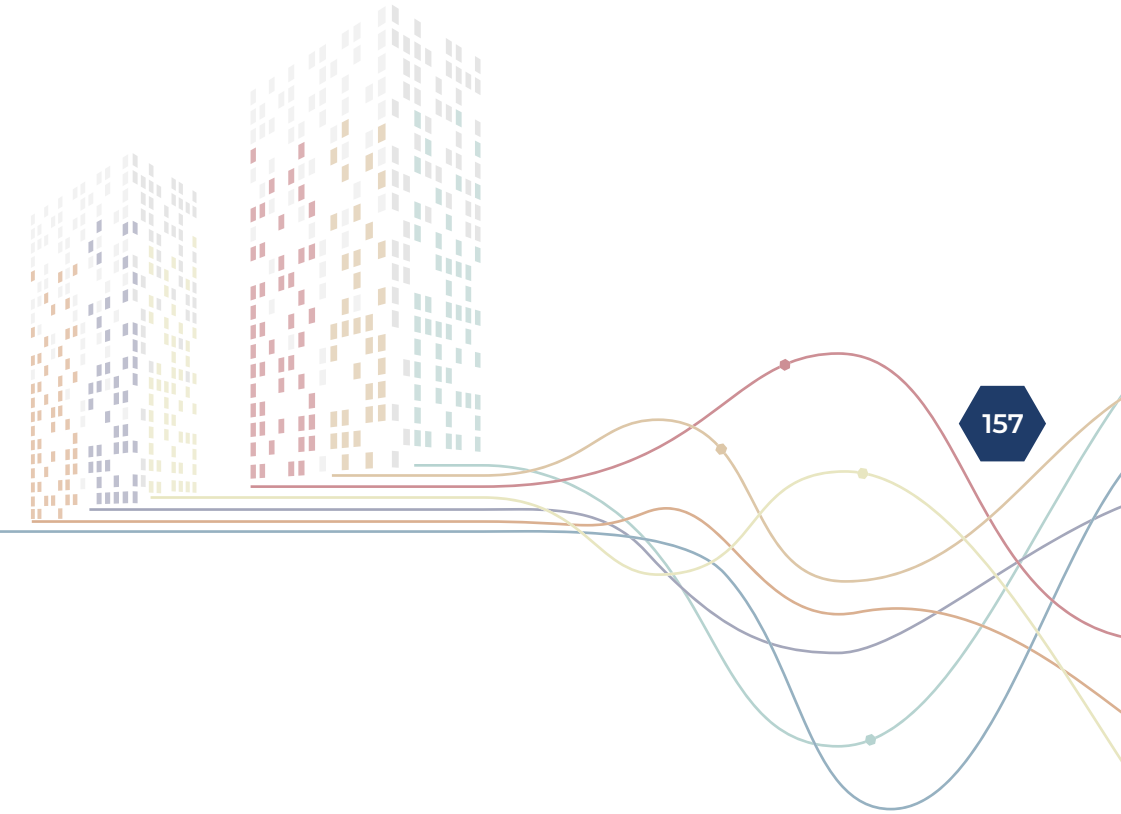
6.4.5. Internal control

In 2019, the CNBV strengthened its internal control by addressing all actions defined in the Internal Control Work Program (PTCI), which covered three substantive processes (SOFIPO supervision, addressing authorities and authorization for IBMs) and two administrative processes (budget and information security).

In addition, as a result of the evaluation of the Institutional Internal Control System, the CNBV obtained from the SFP a 95.3% compliance rate in all control elements, which indicates that the Commission has a robust internal control.

Risk management

The CNBV identified fourteen institutional risks, which may hamper achieving its objectives. In order to address these, the Risk Management Work Program 2019 (PTAR 2019) was established, which encompassed 22 control actions, focused on addressing the risks, of which 18 were carried out in their entirety and four remained considered for the next fiscal year.







# ANNEXES

Annex A. Visits

Visits carried out by the CNBV in 2019

Sector	2019 Original visits program			2019 Adjusted visits program <sup>6</sup>				Regular visits carried out			Investigation visits <sup>8</sup>			Total
	By supervisory areas	Only in terms of AML/CFT	Reviews from specialized areas <sup>5</sup>	By supervisory areas	Only in terms of AML/CFT	Total visits programmed	Reviews from specialized areas	Total visits carried out	Reviews from specialized areas		Supervision	Other visits <sup>9</sup>	Total investigation visits	
Total visits to entities supervised in a comprehensive manner	328	15	28	297	14	311	27	311	27	23		81	81	415
Holding companies of financial groups	7			7		7		7						7
IBM	30	6	11	30	6	36	11	36	11	8				44
IBD and promotion entities	13		2	13		13	2	13	2					13
SOFOM E.R.	28		1	28		28	1	28	1					28
OAAC <sup>1</sup>	16	1		11	1	12		12						12
Credit unions	26	1		24		24		24		1				25
SOCAP	65	1	4	50	1	51	4	51	4	1		27	27	79
SOFIPO	29	2	3	26	2	28	2	28	2	6				34
Other entities from the popular savings and loan sector <sup>2</sup>	2			2		2		2		2				4
Brokerage firms	13	1	3	13	1	14	3	14	3	2				16
Investment funds	33		3	33		33	3	33	3					33
Securities rating agencies	2			2		2		2		1				3
Other participants of the securities and derivatives market <sup>3</sup>	20		1	20		20	1	20	1	2				22
Participants in relevant payment system networks	4			4		4		4						4
SIC	3			3		3		3						3
Investment advisors	11	3		11	3	14		14				1	1	15
Representative offices	19			15		15		15						15
Other supervised entities <sup>4</sup>	7			5		5		5				53	53	58
Total visits to entities subject only to review of AML/CFT		27			25	25		25		2		45	45	72
SOFOM E.N.R.		12			11	11		11		1		2	2	14
Currency exchange centers		11			10	10		10		1		42	42	53
Money transfer companies		4			4	4		4				1	1	5
Total visits	328	42	28	297	39	336	27 <sup>10</sup>	336	27	25		126	126	487

Notes:  
1/ Includes currency exchange offices and bonded warehouses.  
2/ Includes federations of popular savings and loan entities, Focoop, Prosofipo, and SOFINCO.  
3/ Includes makers of the derivatives market, liquidating partners participants of the derivatives market, traders participating in the derivatives market, price suppliers, companies that manage systems to facilitate operations with securities, clearing houses of the derivatives market and self-regulatory bodies of the stock market, stock exchanges and derivative exchanges, central securities counterparties, institutions for the deposit of securities and issuers.  
4/ Includes companies providing complementary or affiliated financial group services, companies providing complementary or affiliated banking services, companies providing complementary or affiliated auxiliary credit organization services, companies providing complementary or affiliated brokerage firm services, bank-owned real estate companies, brokerage firm-owned real estate companies, and others (considers natural persons and non-financial legal entities).  
5/ The areas of specialized supervision work in conjunction with the areas of general supervision to cover specific topics in terms of AML/CFT, operational and technological risk and sales practices.  
6/ Program adjusted as a result of causes beyond the control of the CNBV that implied 34 visits cancelled. The reasons for the cancellations were due to:  
• 26 visits due to lack of coverage of the positions registered at the time of the visit  
• 3 visits to entities in revocation, operations closure or cancelled registration.  
• 2 visits to entities located in highly unsafe areas.  
• 2 visits cancelled due to the corporate merger with other entities.  
• 1 visit to a credit union, which was substituted by two special visits.  
7/ Visits that were carried out in accordance with the conditions provided for in Article 8 of the Supervision Regulations.  
8/ Visits that were carried out in the terms provided for in Article 9 of the Supervision Regulations.  
9/ Refers to the visits carried out by the General Directorate of Investigation Visits.  
10/ The 27 specialized reviews do not include 39 regular inspection visits carried out in terms of AML/CFT, given that these are specified in the column "Only in terms of AML/CFT".

Annex B.

Observations, recommendations and corrective measures

Total observations, recommendations and corrective actions issued from January to December 2019

Sector	Comprehensive supervision			AML/CFT			Total		
	Observations	Recommendations	Corrective actions and measures	Observations	Recommendations	Corrective actions and measures	Observations	Recommendations	Corrective actions and measures
Entities supervised in a comprehensive manner	3,988	978	3,711	271	190	263	4,259	1,168	3,974
Holding companies of financial groups	19	3	31	0	0	0	19	3	31
IBM	845	258	900	128	59	162	973	317	1,062
IBD and promotion entities	98	76	146	5	0	11	103	76	157
SOFOM E.R.	297	156	311	8	1	8	305	157	319
OAAC	166	20	163	16	14	12	182	34	175
Credit unions	764	153	601	16	11	0	780	164	601
SOCAP	739	53	691	38	24	14	777	77	705
SOFIPO	447	105	405	47	48	8	494	153	413
Other entities from the popular savings and loan sector	52	8	10	0	0	0	52	8	10
Brokerage firms	195	104	159	8	23	37	203	127	196
Investment funds	71	4	82	4	4	0	75	8	82
Securities rating agencies	22	4	17	0	0	0	22	4	17
Issuers	2	0	0	0	0	0	2	0	0
Stock exchanges and derivative exchanges	0	0	0	0	0	0	0	0	0
Central counterparties	31	5	31	0	0	0	31	5	31
Institutions for the deposit of securities	35	7	0	0	0	0	35	7	0
Other participants of the securities and derivatives market	3	0	2	0	0	0	3	0	2
Participants in relevant payment system networks	140	12	107	0	0	0	140	12	107
SIC	1	3	4	0	0	0	1	3	4
Investment advisors	54	5	44	1	6	11	55	11	55
Other supervised entities	7	2	7	0	0	0	7	2	7
Entities exclusively subject to supervision in terms of AML/CFT				11,661	41,975	126	11,661	41,975	126
SOFOM E.N.R.				8,755	25,300	76	8,755	25,300	76
Currency exchange centers				2,134	15,913	20	2,134	15,913	20
Money transfer companies				772	762	30	772	762	30
Total	3,988	978	3,711	11,932	42,165	389	15,920	43,143	4,100

Note:  
Including the observations, recommendations and corrective actions derived from prudential supervisory actions, as well as from the ones carried out in terms of operational and technological risk, behavior of market participants, participants in payment system networks and the reviews to the regulatory reports delivered by the entities supervised.



# Annex C. Summary of financial situation of the sectors supervised

Summary of information audited by the end of 2019, with information as of April 2020

## Commercial banking institutions Financial information (billion MXN)



Concept	2018	2019	Variation	%
Total assets	9,567	9,829	262	2.74%
Security investments + Net OVD <sup>1</sup>	1,233	1,313	80	6.49%
Total portfolio	5,185	5,406	221	4.26%
Commercial	3,327	3,403	76	2.28%
Consumer	1,039	1,093	54	5.20%
Housing	820	910	90	10.98%
Preventive estimates	167	174	7	4.19%
Total liabilities	8,544	8,746	202	2.36%
Traditional deposit-taking	5,367	5,656	289	5.38%
Stockholders' equity	1,023	1,082	60	5.77%
Loan-granting income	151	157	6	3.97%
Financial intermediation income	32	43	11	34.38%
Results of operations <sup>2</sup>	210	221	11	5.24%
Net earnings	158	164	6	3.80%

Notes:  
1/ OVD. Operations with securities and derivatives  
2/ Income before taxes and discontinued operations

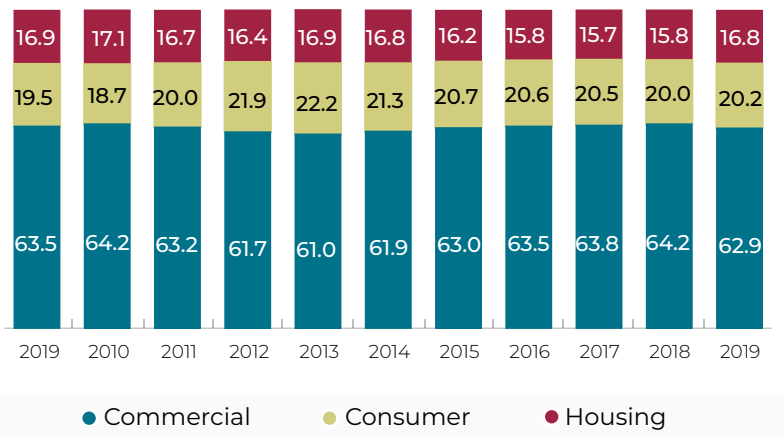
Source: CNBV, with information provided by the entities in April 2020.  
The figures may vary compared to the 2018 Report, due to resending and reprocessing of information by cutoff date.

By the end of December 2019, there were 51 operating IBMs, closing the year with increases in total assets of 2.74%, total liabilities by 2.36% and stockholders' equity of 5.77%, compared to the previous fiscal year.

Total loan portfolio reached \$5.41 trillion MXN. Commercial loans represented 62.9% of total portfolio and recorded a

2.28% growth compared to 2018. Consumer loans increased 5.20%, representing 20.2% of the total portfolio. Housing loans represented 16.8% of the total portfolio, observing an annual increase of 10.98%; it is worth pointing out that this was the area that presented more growth in monetary and percentage terms. Preventive estimates grew 4.19%, consistent with the growth of the total portfolio by 4.26%.

Composition of the loan portfolio (%)



Source: CNBV, with information provided by the entities in April 2020.  
The figures may vary compared to the 2018 Report, due to resending and reprocessing of information by cutoff date.

The funding of IBMs is still defined by traditional deposit-taking; it represented 62.8% and 64.7% of their total liabilities in 2018 and 2019, respectively. Furthermore, said deposit-taking registered a 5.38% growth, reaching \$5.66 trillion MXN. Stockholders' equity showed a 5.77% growth, mainly explained by the positive results in profits.

In terms of profitability, the banking sector obtained profits with a 3.80% growth of the year's net earnings, reaching \$164 billion MXN. This has to do with the increases in the results of operations, which grew 5.24%, as well as in the financial intermediation income, which grew 34.38%.

## Commercial banking institutions Main indicators (%)



Indicador	2018	2019	Variation	%
IMOR	2.11	2.20	0.09	4.27%
TDA <sup>1</sup>	4.566	4.583	0.017	0.37%
ICOR	152.4	146.1	-6.3	-4.13%
EPRC / CT <sup>2</sup>	3.21	3.22	0.01	0.31%
CCL <sup>3</sup>	194.9	204.0	9.1	4.67%
ICAP <sup>4</sup>	15.91	15.98	0.07	0.44%
Key equity /APSRT	13.6	13.4	-0.20	-1.47%
Core capital/APSRT	14.2	14.4	0.2	1.41%
CCPT <sup>5</sup>	4.2	4.0	-0.2	-4.76%
ROE, 12 months <sup>6</sup>	16.01	15.46	-0.55	-3.44%
ROA, 12 months <sup>7</sup>	1.68	1.67	-0.01	-0.60%
Operational efficiency <sup>8</sup>	3.8	3.9	0.1	2.63%
Non-financial income <sup>9</sup>	0.251	0.174	-0.08	-31.87%
Financial margin (MIN) <sup>10</sup>	7.75	7.70	-0.05	-0.65%

### Notes:

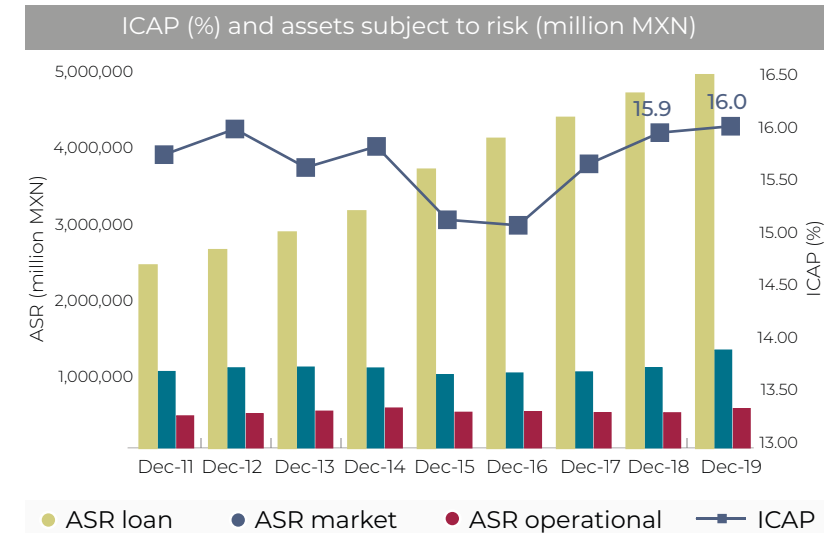
- 1/ TDA. Adjusted impairment rate = (non-performing portfolio (12-m average) + (write-offs 12-m cumulated flows)) / (total portfolio (12-m average) + (write-offs 12-m cumulated flows))
- 2/ EPRC / CT = Preventive estimates for loan risk / total portfolio
- 3/ LCR. Liquidity coverage ratio. Average level of IBMs compelled to report the LCR, calculated according to the general provisions on liquidity requirements for IBMs. The indicator refers to the LCR median of IBMs.
- 4/ ICAP. Capitalization index = net capital / the total weighted assets subject to risk (APSRT), expressed in percentage rounded up to the nearest hundredth of a percentage point.
- 5/ CCPT. Total average deposit-taking cost.
- 6/ ROE = Net earnings (accrued 12 months) / average stockholders' equity last 12 months.
- 7/ ROA = Net earnings (accrued 12 months) / average assets last 12 months.
- 8/ Operational efficiency = administration and promotion expenses 12 months / total average assets 12 months.
- 9/ Non-financial income = other income / total average assets in twelve months
- 10/ MIN = financial margin (accrued 12 months) / net average earning assets 12 months.

Source: CNBV, with information provided by the entities in April 2020.

The figures may vary compared to the 2018 Report, due to resending and reprocessing of information by cutoff date.

In the period, the total IMOR remained in levels similar to the ones from 2018. Meanwhile, the TDA remained on a level of roughly 4.6%. In addition, the ICOR dropped from 152.4% to 146.1%, which means that in this period the non-performing portfolio increased proportionally more than the preventive estimates for loan risks. Even so, the ratio of EPRC to total portfolio remains stable.

The LCR has remained in figures almost double the minimum required amount, which shows that IBMs have the liquidity necessary to face contingencies that may take place in the following 30 days. It is worthwhile mentioning that this indicator is calculated every day by IBMs, with a time window of 30 days.



Source: CNBV, with information provided by the entities in April 2020.

The figures may vary compared to the 2018 Report, due to resending and reprocessing of information by cutoff date.

The banking sector is backed by solvency levels above regulatory requirements. The ICAP of IBMs was at 15.98% by the end of fiscal year 2019, a level very similar to the one observed in 2018 of 15.91%.

The ROA and ROE indicators were at 1.67% and 15.46%, respectively, remaining stable compared to the previous period. Operational efficiency did not experience any relevant changes, whereas the indicator for non-financial income did drop, showing that the banking business contributed more to the 2019 profits. The MIN did not experience any important changes, indicating that the banking intermediation activity was maintained, in terms of profitability.

## Commercial banking institutions

### Operational information



Concept	2018	2019	Variation	%
IBM in operation	50	51	1	2.00%
IBM of local systemic importance	7	7	0	0.00%
Branches	12,794	12,883	89	0.70%
ATMs	53,270	56,618	3,348	6.28%
Nr. of TDC contracts (units)	27,828	29,172	1,344	4.83%
Nr. of loan customers (thousands)	27,828	29,172	1,344	4.83%
Banking correspondent modules	42,355	45,810	3,455	8.16%
Banking commission agents	5,517	6,730	1,213	21.99%
Amount of transactions carried out by commission agents (million MXN)	58,398	62,292	3,894	6.67%
Nr. of establishments with POS (units)	675,096	745,208	70,112	10.39%
Nr. of POS transactions (millions)	234,439	270,003	35,564	15.17%

Source: CNBV, with information provided by the entities in April 2020.  
The figures may vary compared to the 2018 Report, due to resending and reprocessing of information by cutoff date.

In terms of access to financial services, in 2019 we observed an increase in the infrastructure to service the user, derived from the incorporation of 89 bank branches and 3,348 ATMs.

Furthermore, there were 45,810 banking correspondent modules by the end of 2019, which contributes to financial inclusion by bringing financial services closer to more people. In addition, the number of banking commission agents reached 6,730, which is a 22% increase compared to 2018. Furthermore, 745,208 establishments have point of sale (POS) terminals, through which 270 billion transactions were carried out.

## Development banks and promotion entities

### Financial information, development banking institutions (billion MXN) <sup>1</sup>



Concept and institutions	2018	2019	Variation	%
<b>Total assets</b>	<b>2,073</b>	<b>2,170</b>	<b>97</b>	<b>4.68%</b>
Banobras	843	894	51	6.05%
Nafin	583	571	-12	-2.06%
Bancomext	402	415	13	3.23%
SHF	131	143	12	9.16%
Banjército	71	92	21	29.58%
Banco del Bienestar	43	55	12	27.91%
<b>Total loan portfolio</b>	<b>1,058</b>	<b>1,040</b>	<b>-18</b>	<b>-1.70%</b>
Banobras	433	448	15	3.46%
Nafin	260	226	-34	-13.08%
Bancomext	229.9	229.7	-0.2	-0.09%
SHF	86	85	-1	-1.16%
Banjército	46	50	4	8.70%
Banco del Bienestar	3.2	1.9	-1.3	-40.63%
<b>Liabilities</b>	<b>1,905</b>	<b>1,985</b>	<b>80</b>	<b>4.20%</b>
Banobras	788	831	43	5.46%
Nafin	546	532	-14	-2.56%
Bancomext	372	383	11	2.96%
SHF	106	119	13	12.26%
Banjército	54	72	18	33.33%
Banco del Bienestar	40	48	8	20.00%
<b>Stockholders' equity</b>	<b>168</b>	<b>185</b>	<b>17</b>	<b>10.12%</b>
Banobras	55	63	8	14.55%
Nafin	37	40	3	8.11%
Bancomext	31	32	1	3.23%
SHF	25	24	-1	-4.00%
Banjército	17	20	3	17.65%
Banco del Bienestar	2.43	7.23	4.80	197.53%



Net earnings	8.3	4.4	-3.9	-46.99%
Banobras	2.1	4.4	2.3	109.52%
Nafin	2.5	-2.3	-4.8	-192.00%
Bancomext	0.0468	-1.1308	-1.1776	-2,516.24%
SHF	1.6	1.0	-0.6	-37.50%
Banjército	1.96	2.72	0.76	38.78%
Banco del Bienestar	0.044	-0.319	-0.363	-825.00%

Notes:  
1/ Figures consolidated with subsidiaries from Nafin, Bancomext and SHF.

Source: CNBV, with information provided by the entities in April 2020.  
The figures may vary compared to the 2018 Report, due to resending and reprocessing of information by cutoff date.

ROA	0.41	0.21	-0.20	-48.78%
Banobras	0.259	0.505	0.246	94.98%
Nafin	0.47	-0.41	-0.88	-187.23%
Bancomext	0.0114	-0.2833	-0.2947	-2,585.09%
SHF	1.256	0.732	-0.524	-41.72%
Banjército	2.78	3.56	0.78	28.06%
Banco del Bienestar	0.093	-0.629	-0.722	-776.34%

Notes:  
1/ Figures consolidated with subsidiaries from Nafin, Bancomext and SHF.

Source: CNBV, with information provided by the entities in April 2020.  
The figures may vary compared to the 2018 Report, due to resending and reprocessing of information by cutoff date.

## Main indicators, development banking institutions (%) <sup>1</sup>



Concept and institutions	2018	2019	Variation	%
<b>ICAP</b>	<b>17.5</b>	<b>19.3</b>	<b>1.8</b>	<b>10.29%</b>
Banobras	18.3	18.8	0.5	2.73%
Nafin	14.52	17.03	2.51	17.29%
Bancomext	18.79	18.87	0.08	0.43%
SHF	14.5	16.9	2.4	16.55%
Banjército	23.06	24.03	0.97	4.21%
Banco del Bienestar	24.5	78.9	54.4	222.04%
<b>IMOR</b>	<b>1.90</b>	<b>1.91</b>	<b>0.01</b>	<b>0.53%</b>
Banobras	0.54	0.55	0.01	1.85%
Nafin	0.286	0.323	0.037	12.94%
Bancomext	2.217	1.015	-1.202	-54.22%
SHF	11.7	14.8	3.1	26.50%
Banjército	3.375	3.037	-0.338	-10.01%
Banco del Bienestar	9.006	15.023	6.017	66.81%
<b>ROE</b>	<b>5.28</b>	<b>2.46</b>	<b>-2.82</b>	<b>-53.41%</b>
Banobras	4.14	7.26	3.12	75.36%
Nafin	7.32	-5.84	-13.16	-179.78%
Bancomext	0.166	-3.492	-3.658	-2,203.61%
SHF	6.54	4.13	-2.41	-36.85%
Banjército	12.11	14.80	2.69	22.21%
Banco del Bienestar	1.81	-11.24	-13.05	-720.99%

## Financial information, promotion entities (billion MXN)



Concept and institutions	2018	2019	Variation	%
<b>Total assets</b>	<b>1,917</b>	<b>2,077</b>	<b>160</b>	<b>8.35%</b>
Infonavit	1,429	1,580	151	10.57%
Infonacot	23	27	4	17.39%
Fovissste	189	201	12	6.35%
FIRA	181	182	1	0.55%
Fifomi	5.7	5.6	-0.1	-1.75%
FOVI	16.5	16.8	0.3	1.82%
FND	73	65	-8	-10.96%
<b>Total loan portfolio</b>	<b>1,821.8</b>	<b>1,892.4</b>	<b>70.6</b>	<b>3.88%</b>
Infonavit	1,365	1,422	57	4.18%
Infonacot	21	25	4	19.05%
Fovissste	205	218	13	6.34%
FIRA	155	157	2	1.29%
Fifomi	3,484	3,476	-0.007	-0.20%
FOVI	10	9	-1	-10.00%
FND	62.9	58.4	-4.5	-7.15%

<b>Liabilities</b>	<b>1,536.67</b>	<b>1,673.24</b>	<b>136.57</b>	<b>8.89%</b>
Infonavit	1,209.6	1,337.2	127.6	10.55%
Infonacot	10.83	12.45	1.62	14.96%
Fovissste	186.1	199.7	13.6	7.31%
FIRA	94	90	-4	-4.26%
Fifomi	0.49	0.44	-0.05	-10.20%
FOVI	1.23	2.15	0.92	74.80%
FND	34.8	31.5	-3.3	-9.48%
<b>Stockholders' equity</b>	<b>381</b>	<b>404</b>	<b>23</b>	<b>6.04%</b>
Infonavit	219	242	23	10.50%
Infonacot	12.3	14.8	2.5	20.33%
Fovissste	3.0	0.9	-2.1	-70.00%
FIRA	87.9	92.5	4.6	5.23%
Fifomi	5.24	5.14	-0.1	-1.91%
FOVI	15.25	14.63	-0.62	-4.07%
FND	37.9	33.5	-4.4	-11.61%
<b>Net earnings</b>	<b>31.2</b>	<b>26.6</b>	<b>-4.6</b>	<b>-14.74%</b>
Infonavit	20.4	23.2	2.8	13.73%
Infonacot	1.5	2.6	1.1	73.33%
Fovissste	3.0	0.9	-2.1	-70.00%
FIRA	5.25	3.40	-1.85	-35.24%
Fifomi	0.082	0.062	-0.020	-24.39%
FOVI	0.8	-0.6	-1.4	-175.00%
FND	0.228	-2.953	-3.181	-1,395.18%

Source: CNBV, with information provided by the entities in April 2020.  
The figures may vary compared to the 2018 Report, due to resending and reprocessing of information by cutoff date.

## Main indicators, promotion entities (%)



<b>Concept and institutions</b>	<b>2018</b>	<b>2019</b>	<b>Variation</b>	<b>%</b>
<b>IFP<sup>1</sup></b>	<b>15.4</b>	<b>15.5</b>	<b>0.1</b>	<b>0.65%</b>
Infonavit	12.9	12.8	-0.1	-0.78%
Infonacot	42.8	43.1	0.3	0.70%
Fovissste	10.3	11.1	0.8	7.77%
FIRA	37.0	39.4	2.4	6.49%
Fifomi	16.39	17.00	0.61	3.72%
FOVI	36.28	37.79	1.51	4.16%
FND	--	--	--	--
<b>IMOR</b>	<b>7.4</b>	<b>10.7</b>	<b>3.3</b>	<b>44.59%</b>
Infonavit	7.8	12.0	4.2	53.85%
Infonacot	5.1	4.8	-0.3	-5.88%
Fovissste	6.7355	6.7027	-0.0328	-0.49%
FIRA	1.06	1.72	0.66	62.26%
Fifomi	13.27	5.94	-7.33	-55.24%
FOVI	62.7	65.9	3.2	5.10%
FND	7.9	13.2	5.3	67.09%
<b>ROE</b>	<b>8.47</b>	<b>6.75</b>	<b>-1.72</b>	<b>-20.31%</b>
Infonavit	9.8	10.0	0.2	2.04%
Infonacot	12.8	18.9	6.1	47.66%
Fovissste	235	82	-153	-65.11%
FIRA	6.1	3.7	-2.4	-39.34%
Fifomi	1.6	1.2	-0.4	-25.00%
FOVI	4.368	-4.276	-8.644	-197.89%
FND	0.593	-8.112	-8.705	-1,467.96%
<b>ROA</b>	<b>1.7</b>	<b>1.3</b>	<b>-0.4</b>	<b>-23.53%</b>
Infonavit	1.471	0.015	-1.456	-98.98%
Infonacot	6.3	0.1	-6.2	-98.41%
Fovissste	1.5871	0.0045	-1.5826	-99.72%
FIRA	3.1	1.9	-1.2	-38.71%
Fifomi	1.5	1.1	-0.4	-26.67%
FOVI	4.1	-3.8	-7.9	-192.68%
FND	0.328	-4.214	-4.542	-1,348.76%

Notes:  
1/ Balance-sheet strength index (similar to ICAP for banks).

Source: CNBV, with information provided by the entities in April 2020.  
The figures may vary compared to the 2018 Report, due to resending and reprocessing of information by cutoff date.

Throughout 2019, the institutions in general maintained a stable situation, sustained by adequate levels of solvency, liquidity and profitability, as well as in satisfactory management of the loan process, of the internal control system and of comprehensive risk management.

By the end of fiscal year 2019, the ICAP of the development banking sector was 19.3%, 1.8 pp (percentage points) more than by the end of 2018. The entities that strengthened their ICAP to a greater extent were Banco del Bienestar, due to a contribution for future capital increases, Nafin, as a result of a drop in ASRCs, and SHF due to this fiscal year's profit.

The Balance-sheet strength index (IFP) of promotion entities was at 15.5 pp, marginal growth of 0.65%, 10 base points (bp) compared to the one registered in 2018. What also stands out is the fact that all the promotion entities had an increase in their IFP, except for Infonavit, which presented a slight contraction, with FIRA showing a higher variation of 240 bp.

### Brokerage firms



Concept	2018	2019	Variation	%
Operational information				
Number of entities	35	35	0	0%
Financial information (billion MXN)				
Memorandum accounts	9,171	9,754	583	6.36%
Customers' securities received in custody	6,485	6,895	410	6.32%
Government debt	993	1,083	90	9.06%
Banking debt	317	327	10	3.15%
Other debt securities	431	428	-3	-0.70%
Net wealth instruments	4,727	5,046	319	6.75%
Trust securities	17	11	-6	-35.29%
Others	0.053	0.028	-0.025	-47.17%
Total assets	646	687	41	6.35%
Security investments	474	520	46	9.70%
Negotiable securities	397	453	56	14.11%
Securities available for sale	67.3	58.8	-8.5	-12.63%
Securities held until maturity	9.3	7.7	-1.6	-17.20%
Debtors under repurchase agreements	5.76	15.67	9.91	172.05%
Accounts receivable	81.3	88.4	7.1	8.73%
Total liabilities	597	639	42	7.04%
Creditors under repurchase agreements	406	451	45	11.08%
Derivatives	59.7	44.3	-15.4	-25.80%
Other accounts payable	108	105	-3	-2.78%
Stockholders' equity	49.0	47.7	-1.3	-2.65%
Capital contributed	28.7	29.0	0.3	1.05%
Accumulated income	20.3	18.7	-1.6	-7.88%
Net earnings	9.35	5.45	-3.90	-41.71%



Main indicators (%)				
Solvency (number of times) <sup>1</sup>	1.082	1.075	-0.007	-0.65%
Liquidity (number of times) <sup>2</sup>	0.2404	0.2389	-0.0015	-0.62%
Leverage (number of times) <sup>3</sup>	10.94	12.26	1.32	12.07%
ROE <sup>4</sup>	19.1	11.5	-7.6	-39.79%
Administrative and promotion costs / Total operating income <sup>5</sup>	73.6	66.9	-6.7	-9.10%
Personnel costs/ Total operating income <sup>5</sup>	27.5	25.0	-2.5	-9.09%
Net earnings / Total operating income <sup>5</sup>	47.4	25.7	-21.7	-45.78%
ICAP <sup>6</sup>	29.6	26.4	-3.2	-10.81%

Notes:  
1/ Solvency = total assets / total liabilities.  
2/ Liquidity = current assets / current liabilities.  
Current assets = availabilities (cashier + banks + other availabilities + foreign currencies to be received) + negotiable securities without restriction + securities available for sale without restriction + debtors under repurchase agreements + accounts receivable.  
Current liabilities = bank loans and from other entities in the short term + creditors under repurchase agreements + other accounts payable.  
3/ Leverage = (total liabilities - creditors under settlement of transactions) / stockholders' equity.  
4/ Net earnings = (12-month flow) / stockholders' equity, 12-month average.  
5/ Calculations in 12-month flows.  
Personnel costs = direct short-term benefits + salaries.  
Total operating income = services earnings + intermediation financial margin + other income (disbursements) of the operation.  
6/ Capitalization index = net capital / total assets subject to risk.

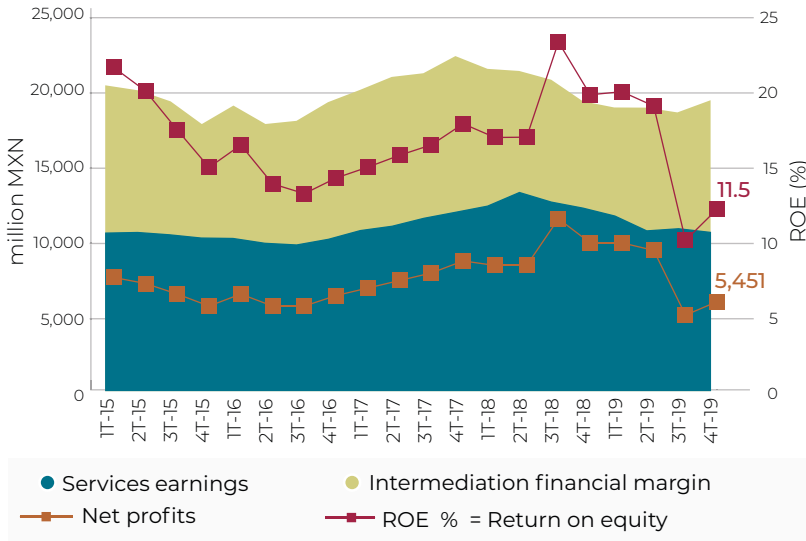
Source: CNBV, with information provided by the entities in April 2020.  
The figures may vary compared to the 2018 Report, due to resending and reprocessing of information by cutoff date.

By the end of 2019, the brokerage firms sector was made up of 35 operating intermediaries.

Assets presented an annual growth of 6.35%, reaching \$687 billion MXN by the end of 2019, mainly due to the 9.70% increase in securities investments.

In terms of liabilities, they increased 7.04% and by the end of 2019 reached \$639 billion MXN, due to the 11.08% growth in the repurchase agreement operations. Meanwhile, the stockholders' equity showed a 2.65% drop, reaching \$47.7 billion MXN, mainly due to a reduction in the accumulated income.

Results and profitability of brokerage firms (million MXN and %)

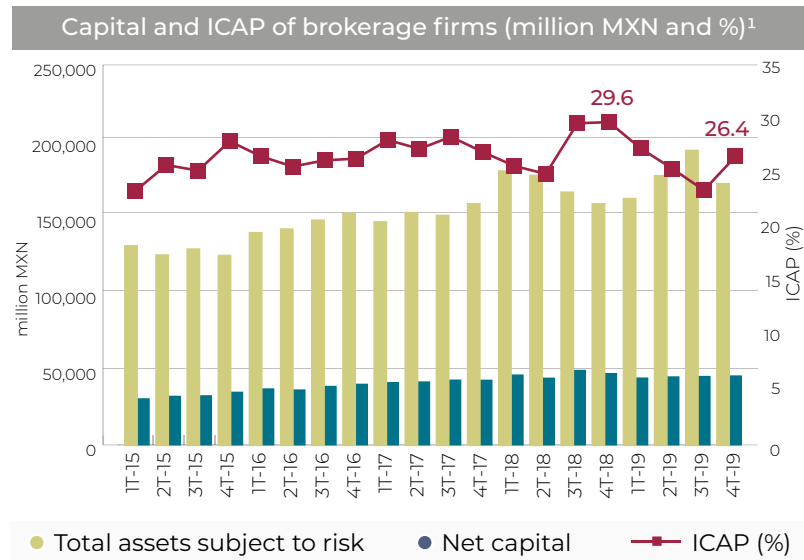


Note:  
Quarterly periods 2015 - 2019  
  
Source: CNBV, with information provided by the entities in April 2020.  
The figures may vary compared to the 2018 Report, due to resending and reprocessing of information by cutoff date.

In terms of net earnings, the sector showed a 41.71% drop compared to the year before, reaching \$5.45 billion MXN. The services earnings decreased 13.4% compared to the level obtained in 2018: they went from \$11.9 billion MXN to \$10.3 billion MXN in 2019.

Throughout 2019, the financial intermediation income had a 20.7% increase compared to the same period of the year before, reaching \$8.8 billion MXN, mainly due to the results obtained in the trading earnings, which in turn grew 25.4% in 2019. In addition, the results of operations benefitted from other income of operations, which showed a growth 1.6 times larger than in 2018.

<sup>19/</sup> The minimum capital requirement is composed of an 8.0% capitalization, plus the capital conservation supplement of 2.5%, made up of key equity.



Note:

1/ Due to an amending resolution, as of October 2015 the ICAP is published. Previously, the capital adequacy ratio (ICC) was calculated.

Source: CNBV, with information provided by the entities in April 2020.

The figures may vary compared to the 2018 Report, due to resending and reprocessing of information by cutoff date.

In terms of capital management, the sector's ICAP was 26.4%, 3.2 pp below the one reported by the end of 2018, which was 29.6%.

Finally, what also stands out here is the fact that all 35 brokerage firms maintain an ICAP above the required minimum of 10.5%.<sup>19</sup>

## Investment funds



Concept	2018	2019	Variation	%
Operational information				
Total number of entities	692	666	-26	-3.76%
Operators	39	38	-1	-2.56%
Limited operators (administrative services)	2	2	0	0.0%
Comprehensive distributors <sup>1</sup>	3	3	0	0.0%
Referring distributors <sup>1</sup>	1	1	0	0.0%
Debt investment funds	282	261	-21	-7.45%
Equity investment funds	356	352	-4	-1.12%
Capital investment funds and companies (Fincas)	4	4	0	0.0%
Limited operators authorized to appraise shares	2	2	0	0.0%
Electronic mechanisms for information disclosure	2	2	0	0.0%
Electronic mechanisms for trading shares	1	1	0	0.0%
Number of contracts	2,352,417	2,496,511	144,094	6.13%
Debt investment funds	2,119,121	2,278,372	159,251	7.51%
Equity investment funds	233,292	218,135	-15,157	-6.50%
Capital investment funds (Fincas)	4	4	0	0.0%
Financial information (million MXN)				
Total assets by type of FI <sup>2</sup>	2,312,104	2,494,578	182,474	7.89%
Debt investment funds	1,658,188	1,841,743	183,555	11.07%
Equity investment funds	634,428	632,689	-1,739	-0.27%
Capital investment funds	19,488	20,145	657	3.37%
Total assets by type of operator <sup>2 3</sup>	2,312,104	2,494,578	182,474	7.89%
Credit institutions	47,797	55,121	7,324	15.32%
Brokerage firms	638,336	619,455	-18,881	-2.96%
Financial groups	1,459,931	1,638,214	178,283	12.21%
Independent	166,040	181,788	15,748	9.48%
Total investment portfolio <sup>3</sup>	2,292,419	2,455,069	162,650	7.10%
Government securities	1,145,151	1,280,819	135,668	11.85%
Bank securities	363,732	378,688	14,956	4.11%
Private document	106,621	111,890	5,269	4.94%
Fibras & CKDs	4,849	4,040	-809	-16.68%
Exchange-traded Funds (ETFs)	210,082	242,349	32,267	15.36%

Promoted companies	4,103	5,502	1,399	34.10%
Derivatives	238	148	-90	-37.82%
Investment fund shares	239,362	243,368	4,006	1.67%
Equity	218,279	188,265	-30,014	-13.75%

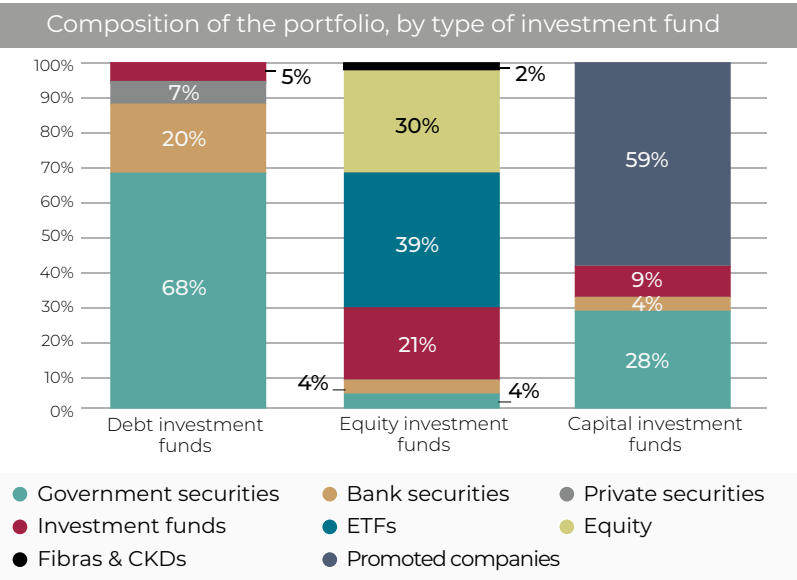
Notes:  
1/ Distributing companies  
2/ The figures correspond to the accumulated balances of the "100099 Total Assets" account, reported in the balance sheet of each fund operating at the end of the period.  
3/ Fibras & CKDs = Trust certificates for investment in energy and infrastructure (CBFE) + Real-estate trust certificates (CBFI) + Infrastructure and real estate trust funds (Fibras) + Development capital certificates (CKD)  
ETF = ETF + Indexed trust certificates (Trac)  
Derivatives = Forwards + options + futures + Swaps + warrants + Rate swaps + Currency swaps + Interest Rate Swaps + stock warrants (spot)  
Investment fund shares = Domestic investment fund shares + Foreign investment fund shares

Source: CNBV, with information provided by the entities in April 2020.  
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The investment fund sector was made up by 666 entities, which presented a 3.76% drop compared to the year before, mainly due to the merger of eight funds, as well as the revocation of nine funds and of one operator.

Administered assets increased by 7.89%, which are concentrated on the three largest operators, representing a 53% share in the sector; the following seven operators concentrate 37%, which leads to a 90% share concentrated in the ten largest investment funds.

By the end of 2019, the sector's portfolio was composed as follows: 52.2% in government securities; 19.8% in investment fund shares and ETFs; 15.4% in bank securities and the rest in domestic and foreign shares, corporations and others.



Source: CNBV, with information provided by the entities in April 2020.

Bonded warehouses				
Concept	2018	2019	Variation	%
Operational information				
Total number of operating entities <sup>1</sup>	15	15	0	0.0%
Level I	0	0	0	0.0%
Level II	0	0	0	0.0%
Level III	11	11	0	0.0%
Level IV	5	5	0	0.0%
Certification (million MXN)	69,626	67,324	-2,302	-3.31%
Direct warehouses	25,058	24,687	-371	-1.48%
Enabled warehouses	44,568	42,637	-1,931	-4.33%
Financial information (million MXN)				
Total assets	18,803	19,599	796	4.23%
N5 <sup>2</sup> (%)	93.02	92.85	-0.17	-0.18%
IHH <sup>3</sup> (entities)	5	5	0	0.00%
Real estate, furniture and equipment	4,237	4,576	339	8.00%
N5 <sup>2</sup> (%)	87.56	81.07	-6.49	-7.41%
IHH <sup>3</sup> (entities)	5	5	0	0.00%
Surface of warehouses <sup>4</sup>	1,466	1,340	-126	-8.59%
Direct	445	382	-63	-14.16%
Enabled	1,021	958	-63	-6.17%
Goods inventory	3,041	2,143	-898	-29.53%
Loan portfolio	5,506	5,450	-56	-1.02%
Total liabilities	13,951	14,685	734	5.26%
Stockholders' equity	4,852	4,914	62	1.28%
Net earnings	577	469	-108	-18.72%
Main indicators (%)				
Use of legal certification capacity <sup>5</sup>	26.5	24.1	-2.4	-9.06%
Leverage <sup>6</sup>	74.2	74.9	0.7	0.94%
ROA <sup>7</sup>	3.6	2.4	-1.2	-33.33%
ROE <sup>8</sup>	12.5	9.5	-3.0	-24.00%

Notes:  
1/ In 2019, the sector consisted of sixteen bonded warehouses with authorization from the SHCP, of which the information of thirteen is considered, given that two were not included because their information is currently under review (Almacenadora General and Almacenadora Logística Empresarial) and one is not operating (Almacenadora Gómez).  
2/ N5 = Percentage share of sector assets to December 2019 of the five largest institutions: Almacenadora Afirme (64.4%), Almacenadora Mercader (13.0%), Sur (6.3%), Accel (4.7%) and Banorte (4.3%).




3/ IHH (entities) = inverse of the Herfindahl-Hirschman Index. The number indicates the number of entities that hold most of the market.  
IHH = (  $\sum$ [market share]<sup>2</sup> x 10, 000) / (10,000 /  $\sum$ [market share])  
4/ Information obtained from the Regulatory Report R14B 1421 "Statistical data on warehouses", the figures are in million m2.  
5/ Use of legal certification capacity = negotiable deposit certificates (CD) issued in enabled warehouses / legal certification capacity (30 times the stockholders' equity).  
6/ Leverage = total liabilities / total assets.  
7/ ROA = net earnings, 12-month flow / total assets, 12-month average.  
8/ ROE = net earnings, 12-month flow / stockholders' equity, 12-month average.

Source: CNBV, with information provided by the entities in April 2020.  
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The sector consists of 16 bonded warehouses with authorization from the SHCP, of which 15 are currently operating.

These entities store a range of products, among which there are products that are agricultural (corn, bean, wheat, sorghum, chickpea and livestock), vehicles, wines and liquors, steel and chemical products, through a network of 1,563 warehouses, distributed across the country (1,251 are enabled warehouses and 312 are direct warehouses). On the other hand, mainly domestic goods are stored, which represents 80.7%, whereas 19.3% is under the legal form of fiscal deposit.

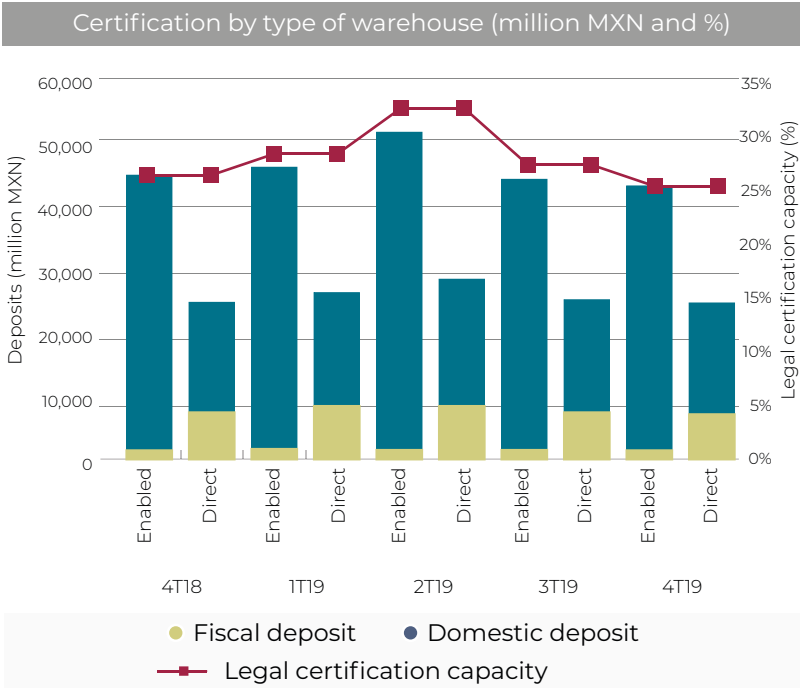
For the merchandise or goods deposited, the bonded warehouses issue deposit certificates (CD) and pledge bonds. By the end of 2019, from the CDs issued for a total amount of \$67.32 billion MXN, 54.7% are negotiable (can be given as collateral to receive financing) and 45.3% are not negotiable. Furthermore, from all the certification issued, what stands out is the fact that 63.3% is issued in enabled warehouses.

Deposit certificates (CD)	
	
Total deposit certificates (CD) <sup>1</sup>	67,324
CD in enabled <sup>2</sup>	42,637
Negotiable	32,525
Non-negotiable	10,112
CD in direct <sup>2</sup>	24,687
Negotiable	4,308
Non-negotiable	20,379

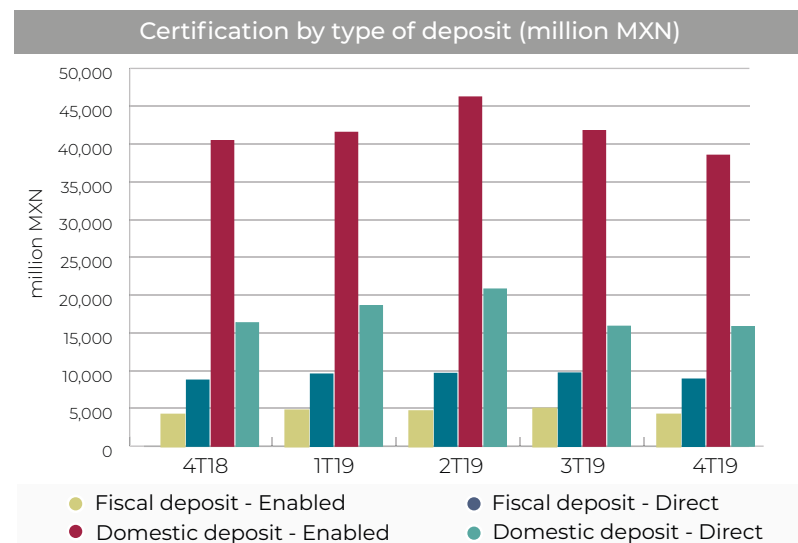
CD domestic deposit <sup>2</sup>		54,318
Enabled		38,500
Direct		15,818
CD Fiscal deposit <sup>2</sup>		13,006
Enabled		4,137
Direct		8,869
Number of warehouses		1,563
Surface of warehouses <sup>3</sup>		1,340
Number of employees		3,709

Notes:  
1/ Information to 2019.  
2/ Figures in million MXN.  
3/ Figures are in million m2.  
  
Source: CNBV, with information provided by the entities in April 2020.

By the end of 2019, total sector assets increased by 4.23% compared to the same period of the year before; however, the financial condition of the sector did not grow compared to 2018: there was a 3.31% drop in the certification, which remained at \$67.32 billion MXN. Correlated to this, the legal certification capacity shows a reduction of 9.06%, which means less use of the capacity to issue negotiable deposit certificates in enabled warehouses, regarding the regulatory limit of 30 times the stockholders' equity.



Source: CNBV, with information provided by the entities in April 2020.



Source: CNBV, with information provided by the entities in April 2020.

The credit portfolio fell 1.02% compared to the end of 2018; it was operated in the sector by Almacenadora Afirme, Mercader and Sur, whose financing was granted with the deposit certificates issued for the merchandise stored as guarantee.

Another area that underwent an annual reduction of 29.53%, was the goods inventory, derived from the purchase carried out by some bonded warehouses, which acquired various products for their commercialization; among them, steel and its by-products, corn and wheat.

In spite of this, the income for services in annual terms experienced a 10.4% increase; however, since the administrative burden rose too, also with a cumulated growth of 8.2%, net earnings reached \$469 million MXN, 18.72% below the ones obtained by the end of 2018. In turn, this influenced the limited increase of stockholders' equity, which grew 1.28% and its subsequent negative impact on the profitability indicators ROE and ROA.

## Currency exchange offices



Concept	2018	2019	Variation	%
Operational information				
Total number of entities	8	8	0	0.0%
Non-grouped	8	8	0	0.0%
Grouped with no bank	0	0	0	0.0%
Total number of offices in the country	183	227	44	24.04%
Financial information (million MXN)				
Total assets	1,021	1,006	-15	-1.47%
Availabilities	359	419	60	16.71%
Security investments	67	84	17	25.37%
Accounts receivable	436	350	-86	-19.72%
Total liabilities	306	287	-19	-6.21%
Bank loans and from other entities	98	54	-44	-44.90%
Other accounts payable	154	170	16	10.39%
Stockholders' equity	714	719	5	0.70%
Results of operations	142	87	-55	-38.73%
Net earnings	119	67	-52	-43.70%
Main indicators (%)				
Leverage <sup>1</sup>	30.0	28.5	-1.5	-5.00%
Stock capital yield <sup>2</sup>	156.5	153.5	-3.0	-1.92%
ROE <sup>3</sup>	17.5	9.3	-8.2	-46.86%
ROA <sup>4</sup>	13.0	6.6	-6.4	-49.23%

Notes:

1/ Leverage = total liabilities / total assets.

2/ Stock capital yield = stockholders' equity / stock capital.

3/ ROE = net earnings, 12-month flow / stockholders' equity, 12-month average.

4/ ROA = net earnings, 12-month flow / total assets, 12-month average.

Source: CNBV, with information provided by the entities in April 2020.

The figures may vary compared to the 2018 Report, due to resending and reprocessing of information by cutoff date.

The sector was made up by eight entities by the end of fiscal year 2019. It is important to point out that Única Casa de Cambio, S.A. de C.V., in the month of December announced the anticipated dissolution and, consequently, based on Article 87, section IV of the LGOAAC, requested the SHCP revoke the authorization granted, process that is still pending.

To December 2019, the variations of total assets and total liabilities of 1.47% (\$15 million MXN) and 6.21% (\$19 million MXN), respectively, presented decreases compared to the same month of year before. Meanwhile, the stockholders' equity showed a minimal growth of 0.70%, (\$5 million MXN).

The availabilities increased by 16.71%, and it is worth pointing out that this was the area that presented the highest growth in monetary terms. The securities investments increased by 25.37%, whereas the accounts receivable fell 19.72%, becoming the area that presented the strongest reduction in nominal terms. As to the sector's obligations, the bank loans and from other entities decreased by 44.90%. Finally, other accounts payable increased by 10.39% by the end of the fiscal year.

In terms of profitability, the sector obtained profits worth \$67 million MXN by the end of the fiscal year. However, compared to December 2018, there was an important reduction in the net earnings: they fell 43.70%, from \$119 million MXN to \$67 million MXN. This was caused by a 38.73% decrement in the results of operations.

The leverage ratio fell 5.0% compared to fiscal year 2018. Furthermore, the stock capital yield also showed a 1.92% decrease. The ROA and ROE indicators reached 6.6% and 9.3%, respectively, levels that maintain a deterioration compared to the previous fiscal year.

SOFOM E.R.

Concept	2018	2019	Variation	%
Operational information				
Number of operating entities	46	41	-5	-10.87%
Tied to banks <sup>1</sup>	20	10	-10	-50.00%
Tied to financial groups <sup>1</sup>	10	16	6	60.00%
Issuers	15	14	-1	-6.67%
Voluntaries <sup>2</sup>	0	1	1	100.0%
Tied to SOFIPO	1	0	-1	-100.0%

Notes:

1/ The integration of the entities tied to banks and to financial groups presented differences compared to what was reported in 2018, due to the classification criteria from these entities.

2/ ION Financiera, S.A.P.I. de C.V., SOFOM E.R. - Since October 2016, the entity is a voluntary SOFOM, even though it issues debt securities.

Source: CNBV, with information provided by the entities in April 2020.

By the end of December 2019, 41 SOFOM E.R. were operating, closing the year with a decrease in total assets of 15.20%, derived from the combined result of an entity joining the sector, the merger of four with other entities and the deregulation of two; and also because of the downturn of consumer financing, which was mainly caused by the low growth of the personal loans portfolio and, to a lesser extent, by the credit cards portfolio.



SOFOM E.R.  
Financial information (million MXN)



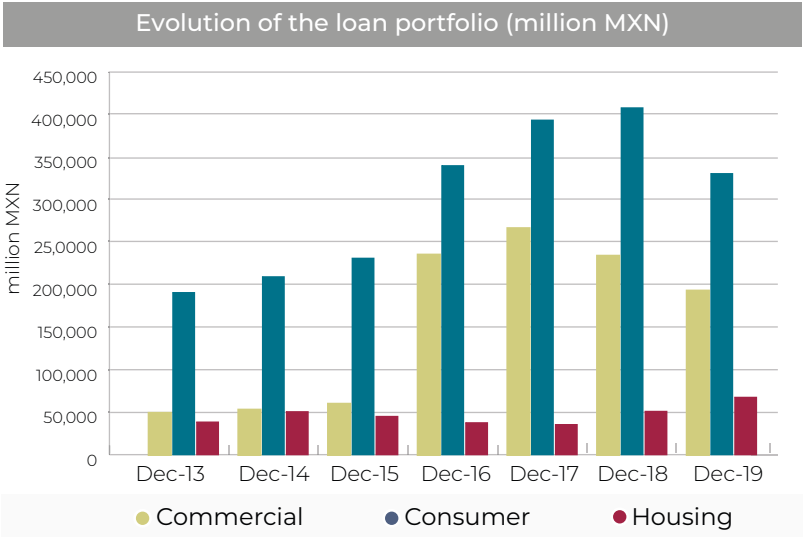
Concept	2018	2019	Variation	%
Total assets	783,649	664,523	-119,125	-15.20%
Security investments + Net OVD	14,005	4,335	-9,670	-69.05%
Total loan portfolio	692,056	590,231	-101,825	-14.71%
Commercial	233,547	192,531	-41,016	-17.56%
Consumer	407,714	330,384	-77,330	-18.97%
Housing	50,796	67,316	16,520	32.52%
Preventive estimates	-43,930	-35,528	8,402	-19.13%
Liabilities	626,424	528,076	-98,348	-15.70%
Stockholders' equity	157,304	136,540	-20,764	-13.20%
Loan-granting income <sup>1</sup>	16,251	21,448	5,197	31.98%
Financial intermediation income	-287	-539	-252	87.80%
Results of operations	21,747	24,332	2,586	11.89%
Net earnings	17,270	18,719	1,449	8.39%

Notes:  
1/ Loan-granting income = financial margin + commissions and fees collected - commissions and fees paid + preventive estimates - administration and promotion expenses.

Source: CNBV, with information provided by the entities in April 2020.  
The figures may vary compared to the 2018 Report, due to resending and reprocessing of information by cutoff date.

It is worth mentioning that the deregulation of NR Finance México, S.A. de C.V., SOFOM E.R., in September 2019, represented an important effect on the decrease of total assets, given that this entity held 15.8% (\$124 million MXN) of that area, at the end of fiscal year 2018.

Meanwhile, liabilities amounted to \$ 528.08 billion MXN and also fell 15.70% compared to the year before; likewise, stockholders' equity dropped 13.20%, reaching \$ 136.54 billion MXN, mainly due to the deregulation of the entity mentioned in the previous paragraph.



Source: CNBV, with information provided by the entities in April 2020.  
The figures may vary compared to the 2018 Report, due to resending and reprocessing of information by cutoff date.

Total loan portfolio reached \$590.23 billion MXN. Consumer loan portfolio represents 56% of total portfolio; however, it shows an annual drop of 18.97%, unlike the housing loan portfolio, which recorded an annual increase of 32.52%. Preventive estimates also fell 19.13%.

## SOFOM E.R. Main indicators



Concept	2018	2019	Variation	%
IMOR	3.09	3.12	0.03	0.97%
ICOR	205.3	192.4	-12.9	-6.28%
EPRC/CT	6.3	6.0	-0.3	-4.76%
Liquidity <sup>1</sup>	5.7	6.6	0.9	15.79%
ICAP	15.5	16.6	1.1	7.10%
Key equity / APSRT	15.47	16.57	1.10	7.11%
Core capital / APSRT	15.5	16.6	1.1	7.10%
Stockholders' equity / Total deposit-taking	28.9	30.3	1.4	4.84%
ROE, 12 months	11.3	14.3	3.0	26.55%
ROA, 12 months	2.3	2.9	0.6	26.09%
Operational efficiency, 12 months <sup>2</sup>	0.041	0.040	-0.001	-2.44%
% Non-financial income / total income <sup>3</sup>	6.4	4.3	-2.1	-32.81%
MIN <sup>4</sup>	9.0	9.6	0.6	6.67%

Notes:

1/ Liquidity = current assets / current liabilities

2/ Operational efficiency, twelve months = administration and promotion expenses (12-month flow) / net earning assets, 12-month average.

3/ Non-financial income = operating lease result + other income + participation in subsidiaries.

Total income = financial margin + net commissions + financial intermediation income + non-financial income.

4/ MIN = Financial margin / net earning assets.

Source: CNBV, with information provided by the entities in April 2020.

The figures may vary compared to the 2018 Report, due to resending and reprocessing of information by cutoff date.

The total portfolio's IMOR was at 3.12% and maintained a level similar to the one from the year before, given that the total loan portfolio and the non-performing portfolio fell roughly in the same proportion.

Funding for SOFOM E.R. came mainly from interbank loans, which represent 85.3% of total liabilities. Furthermore, said deposit-taking registered a 17.2% decrease, reaching \$450.37 billion MXN.

In terms of profitability, the sector obtained profits with a growth in the yearly net earnings of 8.39%, reaching \$18.72 billion MXN. This has to do with the 11.89% increase in the results of operations, as well as with the 31.98% increase in loan-granting income.

## Credit unions



Concept	2018	2019	Variation	%
Operational information				
Number of operating entities	83	84	1	1.20%
Levels of operation				
Level I	71	72	1	1.41%
Level II	12	12	0	0.00%
Number of authorized entities	83	84	1	1.20%
Total number of offices / branches	23	20	-3	-13.04%
Total number of entities that sent information	79	81	2	2.53%
Financial information (million MXN) <sup>1</sup>				
Total assets	65,629	62,290	-3,339	-5.09%
N5 <sup>2</sup> (%)	44.60	47.44	2.84	6.37%
IHH <sup>3</sup> (%)	564	567	3	0.53%
IHH <sup>3</sup> (entities)	18	18	0	0.00%
Net earning assets	58,272	54,362	-3,910	-6.71%
Total portfolio	52,879	47,840	-5,039	-9.53%
Commercial	51,424	45,489	-5,935	-11.54%
Documented with real estate guarantee	16,839	15,845	-994	-5.90%
Documented with other guarantees	28,293	23,352	-4,941	-17.46%
Unsecured	5,105	4,676	-429	-8.40%
Factoring operations	890	1,190	300	33.71%
Lease operations	297	426	129	43.43%
N5 <sup>2</sup> (%)	44.29	44.94	0.65	1.47%
IHH <sup>3</sup> (%)	571	533	-38	-6.65%
IHH <sup>3</sup> (entities)	18	19	1	5.56%
Preventive estimates	-1,155	-1,234	-79	6.84%
Total liabilities	55,323	51,434	-3,889	-7.03%
Bank, partner, and other liabilities	52,961	49,960	-3,001	-5.67%
Short-term	41,499	38,273	-3,226	-7.77%
Long-term	11,463	11,687	224	1.95%
N5 <sup>2</sup> (%)	44.58	46.20	1.62	3.63%
IHH <sup>3</sup> (%)	592	590	-2	-0.34%
IHH <sup>3</sup> (entities)	17	17	0	0.00%

Stockholders' equity	10,306	10,856	550	5.34%
Contributed capital	7,494	7,612	118	1.57%
Capital gain	2,813	3,243	430	15.29%
Net earnings	954	786	-168	-17.61%
Main indicators (%)				
IMOR <sup>4</sup>	2.8	4.9	2.1	75.00%
ICOR <sup>5</sup>	79.4	52.5	-26.9	-33.88%
EPRC/CT	2.18	2.58	0.40	18.35%
ROE <sup>6</sup>	9.4	7.3	-2.1	-22.34%
ROA <sup>7</sup>	1.5	1.2	-0.3	-20.00%
Solvency (ICAP) <sup>8</sup>	17.63	20.05	2.42	13.73%
Liquidity <sup>9</sup>	20.4	24.2	3.8	18.63%
Leverage <sup>10</sup>	84.3	82.6	-1.7	-2.02%
Administrative and promotion costs / Total operating income	22.1	22.7	0.6	2.71%
Net earnings / Total operating income	10.5	8.8	-1.7	-16.19%
Stock capital yield <sup>11</sup>	12.9	10.1	-2.8	-21.71%

## Notes:

1/ Of the 84 credit unions in operation, only 81 delivered timely information and in due form based on the general provisions applicable to the sector.

2/ N5 = defined with the percentage share in the sector assets, as of December 2019, of the five largest institutions: UC Ficein, UC Agricultores de Cuauhtémoc, UC Industrial y Agropecuario de la Laguna, UC Progreso and UC Alpura.

3/ IHH = inverse of the Herfindahl-Hirschman Index. The number indicates the number of entities that would split the market in equal shares.

4/ IMOR = non-performing loan portfolio / total loan portfolio.

5/ ICOR = preventive estimates for loan risks / non-performing loan portfolio.

6/ ROE = net earnings accrued in 12 months / average stockholders' equity in 12 months.

7/ ROA = net earnings accrued in 12 months / total average assets in 12 months.

8/ ICAP = capitalization index = net capital / weighted total assets subject to risk.

9/ Liquidity = availabilities + securities investments / short-term liabilities.

10/ Leverage = liabilities / assets

11/ Stock capital yield = net earnings / stock capital

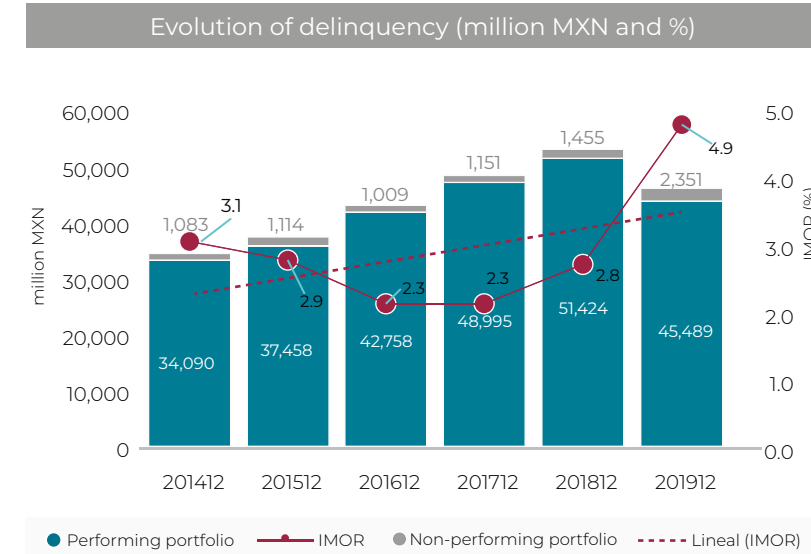
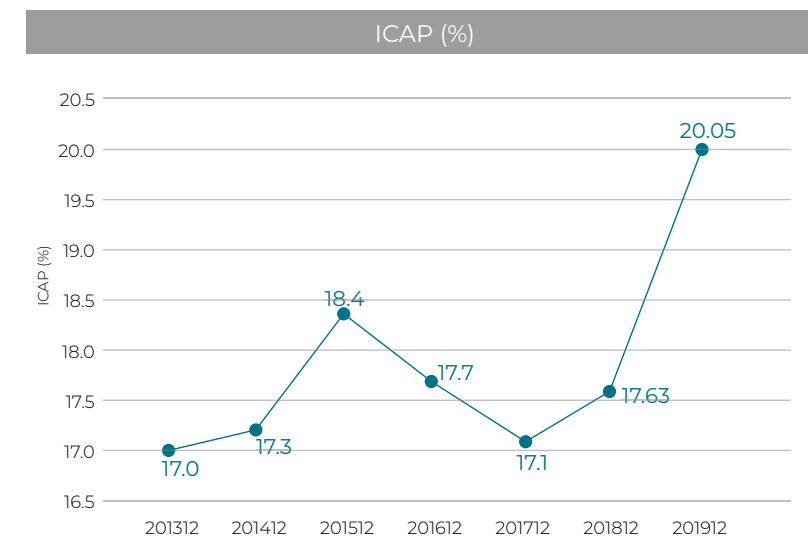
Source: CNBV, with information provided by the entities in April 2020.

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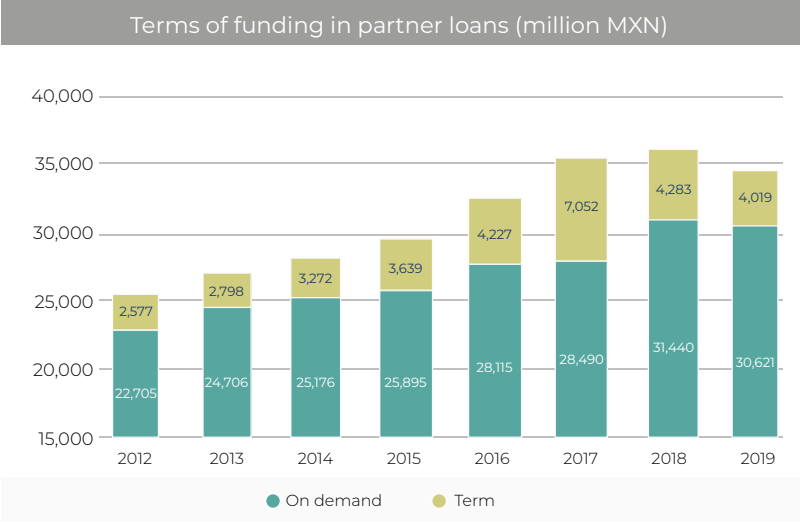
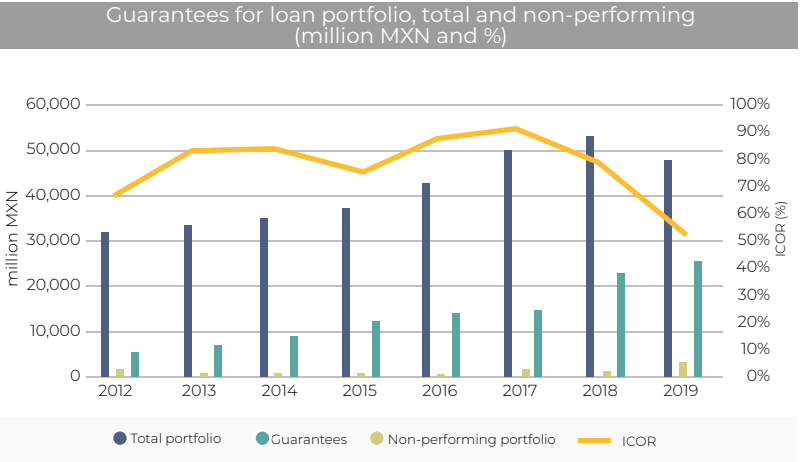
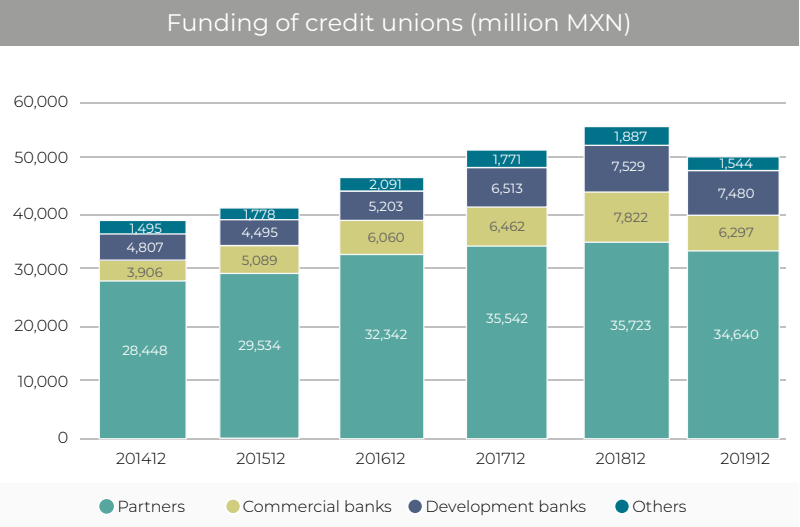
By the end of fiscal year 2019, the sector was integrated by 84 authorized entities. For the purpose of this report, only the figures of 81 are considered, given that one entity became a SOFOM E.N.R, and two more are not sending any information since they are currently undergoing the process of revocation.

Total assets were \$62.29 billion MXN, 5.09% less compared to the year before. Total portfolio decreased \$5.04 billion MXN (9.53%), compared to 2018, reaching \$47.84 billion MXN by the end of 2019. The delinquency level, represented by an IMOR of 4.9%, registered an increase compared to the one registered in 2018 (2.8%); however, the level of collateralization remains at 90%, which mitigates the loan risk.

Stockholders' equity was at \$10.86 billion MXN, 5.34% higher compared to the end of 2018. In view of the foregoing, the sector's ICAP was 20.05% as of December 2019, 2.4 pp higher than the one reported the year before. Meanwhile, the indicator for administrative costs vis-à-vis the total operating income, practically remained unchanged (22.1% in 2018 and 22.7% in 2019).







Source: CNBV, with information provided by the entities in April 2020.  
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The credit union sector is properly capitalized, surpassing by far the 8% regulatory minimum for ICAP. And although the delinquency level has increased in the past year, it is worthwhile mentioning that the collateralization of loans is a common practice in the sector (less than 10% of loans do not have some type of guarantee). This trend has become more common in the past year, increasing the ratio of guarantees to total portfolio. Meanwhile, installment partner loans remain the main source of funding, which provides the sector with independence from external financing.

## Savings and loan cooperatives



Concept	2018	2019 <sup>1</sup>	Variation	%
Operational information				
Number of operating entities <sup>2</sup>	156 <sup>3</sup>	156	-	0.0%
Level I	50	50	-	0.0%
Level II	63	63	-	0.0%
Level III	42	42	-	0.0%
Level IV	1	1	-	0.0%
Number of authorized entities	157	156	-1	-0.64%
Total number of offices / branches	2,087	2,144	57	2.73%
Level I	184	192	8	4.35%
Level II	445	444	-1	-0.22%
Level III	1,413	1,462	49	3.47%
Level IV	45	46	1	2.22%
Number of entities that sent information	156	155	-1	-0.64%
Financial information (million MXN)				
Total assets (million MXN)	154,029	171,027	16,998	11.04%
N5 <sup>4</sup> (%)	52.9	53.8	0.9	1.70%
IHH	1,370.78	1,449.33	78.55	5.73%
IHH <sup>5</sup> (entities)	7.3	6.9	-0.4	-5.48%
Net earning assets (million MXN)	144,719	160,902	16,183	11.18%
Total portfolio (million MXN)	95,002	105,595	10,593	11.15%
Commercial	10,883	22,446	11,563	106.25%
Consumer	76,939	74,447	-2,492	-3.24%
Housing	7,180	8,702	1,522	21.20%
N5 <sup>4</sup> (%)	52.61	53.27	0.66	1.25%
IHH	1,442.42	1,501.64	59.22	4.11%
IHH <sup>5</sup> (entities)	6.93	6.66	-0.27	-3.90%
Preventive estimates (million MXN)	5,084	5,608	524	10.31%
Traditional deposit-taking (million MXN)	122,992	135,224	12,232	9.95%
N5 <sup>4</sup> (%)	52.8	54.0	1.2	2.27%
IHH	1,403.3	1,499.0	95.7	6.82%
IHH <sup>5</sup> (entities)	7.13	6.67	-0.46	-6.45%
Stockholders' equity	27,006	31,064	4,058	15.03%

196

Security investments	43,250	47,586	4,336	10.03%
Total investment portfolio	53,802	59,806	6,004	11.16%
Debtors under repurchase agreements	10,551	12,220	1,669	15.82%
Maifar <sup>6</sup>	12,913	14,470	1,557	12.06%
Administrative and promotion costs	10,046	11,268	1,222	12.16%
Net earnings	3,956	4,287	331	8.37%
Real estate, furniture and equipment	4,896	5,368	472	9.64%
N5 <sup>4</sup> (%)	40.45	41.41	0.96	2.37%
IHH	814.7	815.0	0.3	0.04%
IHH <sup>5</sup> (entities)	12.274	12.270	-0.004	-0.03%
Main indicators (%)				
IMOR <sup>7</sup>	4.30	4.26	-0.04	-0.93%
ICOR <sup>8</sup>	124.47	124.67	0.20	0.16%
EPRC/CT	5.35	5.31	-0.04	-0.75%
ROE <sup>9</sup>	15.86	14.74	-1.12	-7.06%
ROA <sup>10</sup>	2.74	2.63	-0.11	-4.01%
Solvency (Nicap) <sup>11</sup>	286.1	294.7	8.6	3.01%
Liquidity	39.6	42.7	3.1	7.83%
Leverage <sup>12</sup>	82.47	81.84	-0.63	-0.76%
Administrative and promotion costs / Total operating income <sup>13</sup>	49.14	48.59	-0.55	-1.12%
Net earnings / Total operating income	19.35	18.48	-0.87	-4.50%
Stock capital yield	41.7	42.7	1.0	2.40%
N5 concentration index <sup>4</sup> (%)				
Total portfolio	52.6	53.3	0.7	1.33%
Commercial	12.8	53.8	41.0	320.31%
Consumer	58.2	52.8	-5.4	-9.28%
Housing	53.15	56.13	2.98	5.61%
IHH concentration index <sup>3</sup>				
Total portfolio	1,442.4	1,501.6	59.2	4.10%
Commercial	328.7	2,284.9	1,956.2	595.13%
Consumer	1,895.3	1,363.7	-531.6	-28.05%
Housing	1,155.3	1,472.7	317.4	27.47%
IHH concentration index <sup>3</sup> (entities)				
Total portfolio	6.93	6.66	-0.27	-3.90%
Commercial	30.4	4.4	-26.0	-85.53%
Consumer	5.28	7.33	2.05	38.83%
Housing	8.7	6.8	-1.9	-21.84%

197

Notes:  
1/ Of the 156 operating entities, only 155 delivered timely information and in due form based on the general provisions applicable to the sector.  
2/ The SOCAP are classified into four operation levels, as provided for in Articles 18 and 19 of the LRASCAP.  
3/ One SOCAP (Redfin) merged during the last quarter of 2018, which is why it was not operating.  
4/ N5 = Defined with the percentage share in the sector assets, in December 2019, of the five largest institutions: Caja Popular Mexicana, with 34.4%; Caja de Ahorro de los Telefonistas, with 11.2%; Caja Morelia Valladolid, with 3.0%; Coopdesarrollo, with 2.3% and Caja Real del Potosí, with 1.9%.  
5/ IHH (entities) = inverse of the Herfindahl-Hirschman Index. Indicates the number of entities that split the market in equal parts.  
6/ Financial margin adjusted for loan risks  
7/ IMOR = Delinquency rate: non-performing portfolio / total portfolio (performing + non-performing).  
8/ ICOR = Coverage index: preventive estimates for loan risks / non-performing portfolio.  
9/ ROE = Net earnings accrued (12 months) / average 12-month balance of the stockholders' equity.  
10/ ROA = Net earnings accrued (12 months) / average 12-month balance of the total assets.  
11/ Level of capitalization (Nicap) = Net capital / capital requirements for risks.  
12/ Leverage = total liabilities / total assets.  
13/ Total income = interest income + fees charged + result of operation + other operating income.

Source: CNBV, with information provided by the entities in April 2020.  
The figures may vary compared to the 2018 Report, due to resending and reprocessing of information by cutoff date.

By the end of fiscal year 2019, the sector was integrated by 156 authorized entities. For this report, only 155 entities were considered, which were the ones for which there was information available when compiling it.

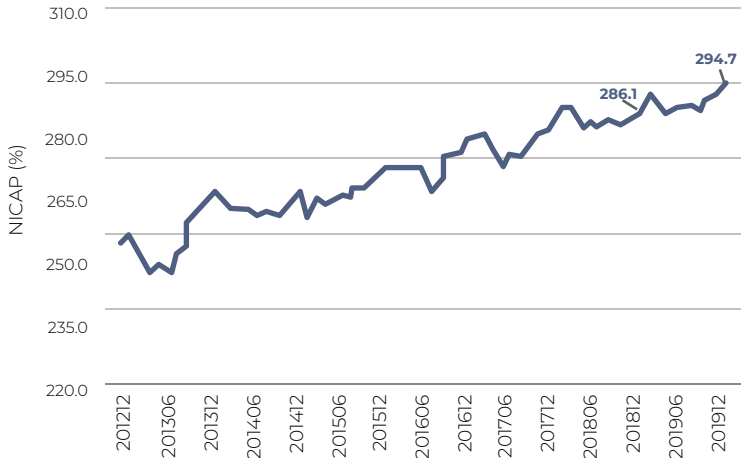
Total assets of the sector were \$171.03 billion MXN, 11.04% more compared to the year before. Meanwhile, the securities investments and repurchase agreement operations (total investment portfolio) were at \$59.81 billion MXN, increasing by \$6 billion MXN (11.16%), which represents 34.9% of the sector's total assets (second area in importance within the balance sheet, after the loan portfolio). Total portfolio increased by \$10.6 billion MXN compared to 2018, reaching \$105.6 billion MXN by the end of 2019 (11.15% in annual terms).

The delinquency level, represented by an IMOR of 4.26%, registered a slight decrease compared to the one recorded throughout 2018 (4.30%), resulting from the implementation of operational practices that have mitigated the loan risk in the sector reasonably well.

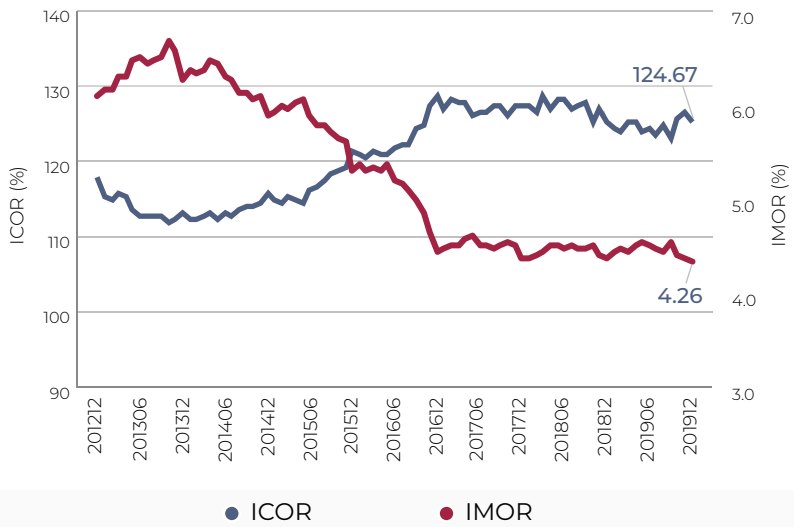
The stockholders' equity was at \$31.1 billion MXN, 15.03% higher compared to the end of 2018. In view of the foregoing, the sector's Nicap reached 294.7% by December 2019, 8.6 pp higher than the one reported by cutoff date the year before. Meanwhile, the ratio of administrative costs to Mafar, remained practically unchanged (77.8% in 2018 and 77.9% in 2019).

By the end of 2019, the sector presents a liquidity of 42.7%, higher by 3.1 pp and 7.83%, compared to the 39.6% by the end of 2018, as a result of the increase in short-term assets and liabilities. The market risk faced by the sector is coherent vis-à-vis the features of the investment regime established in the LRASCAP, which only foresees the investment of cash surpluses in debt securities (governmental, bank and in companies investing in debt instruments).

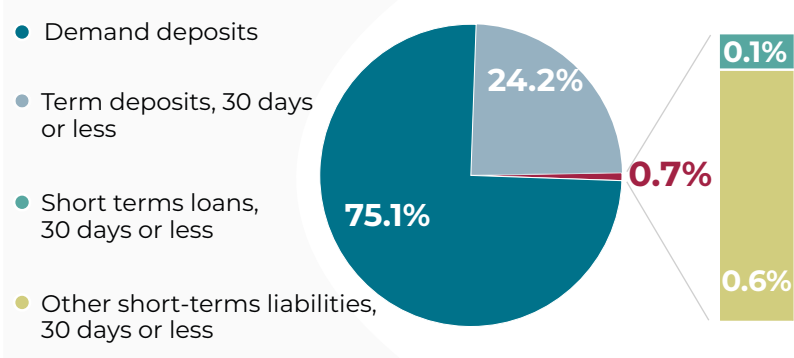
Level of capitalization (%)



Evolution of delinquency and of coverage index (%)

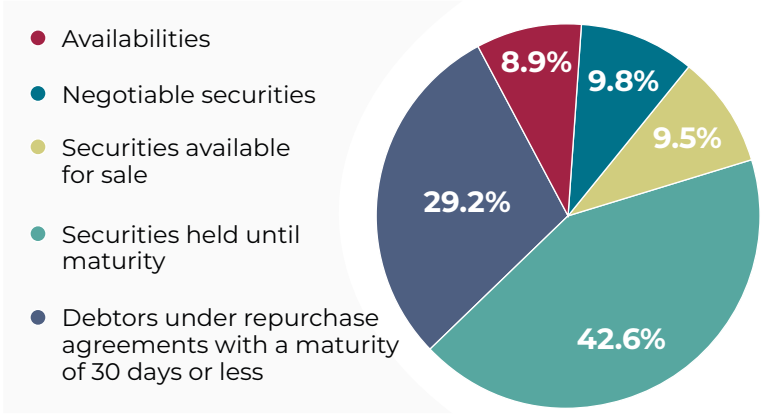


Constitution of short-term liabilities (%)

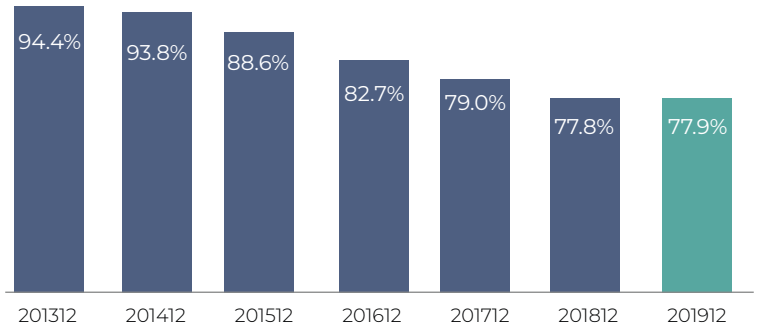




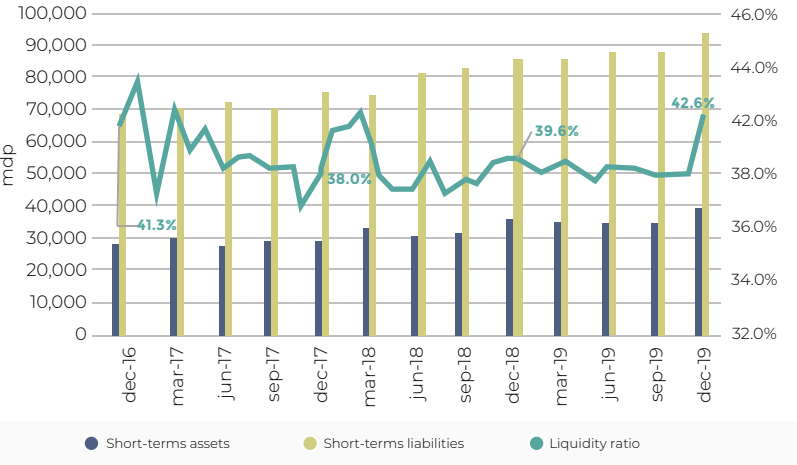
Constitution of short-term assets (%)



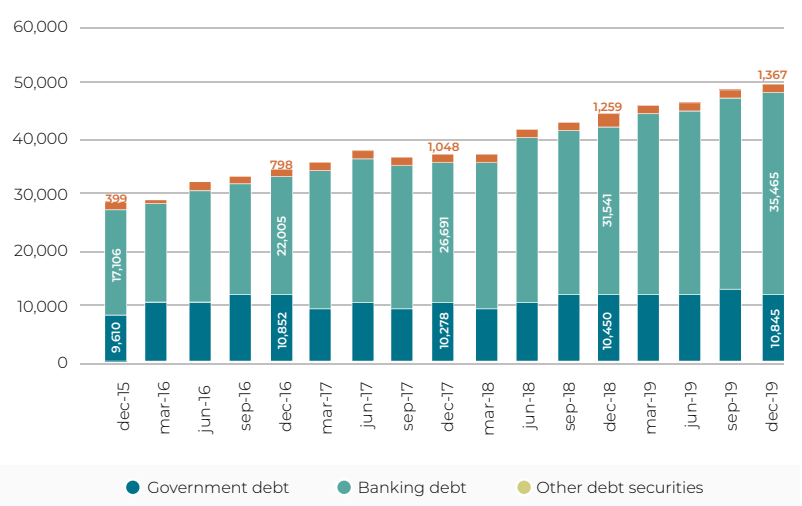
Administrative costs (% of Mafar)



Position of liquidity ratio (million MXN and %)



Evolution of investment portfolio (million MXN)



Source: CNBV, with information provided by the entities in April 2020.  
The figures may vary compared to the 2018 Report, due to resending and reprocessing of information by cutoff date.

As to said instruments, the negotiation portfolio maintained a constant constitution throughout 2019, with an average position of 74.4% in banking debt instruments, 22.7% in government debt and 2.9% in other debt securities by the end of fiscal year 2019. On the other hand, the sector's investment portfolio, by type of instrument, is made up of 42.6% in securities held until maturity, 29.2% in repurchase agreement operations, 9.8% in negotiable securities, 9.5% in securities available for sale, and the remaining 8.9% corresponds to availabilities.

## Popular financial companies



Concept	2018	2019 <sup>1</sup>	Variation	%
Operational information				
Number of operating entities	39	39	-	0.0%
Level I	26	26	-	0.0%
Level II	6	6	-	0.0%
Level III	6	6	-	0.0%
Level IV	1	1	-	0.0%
Number of authorized entities	41	41	-	0.0%
Number of clients	3,899,662	4,875,823	976,161	25.03%
Total number of offices / branches	1,165	1,206	41	3.52%
Level I	247	240	-7	-2.83%
Level II	139	136	-3	-2.16%
Level III	586	638	52	8.87%
Level IV	193	192	-1	-0.52%
Number of entities that sent information	35	37	2	5.71%
Financial information (million MXN)				
Total assets	33,536	31,048	-2,488	-7.42%
N5 <sup>2</sup> (%)	67	68	1	1.49%
IHH	1,582	1,579	-3	-0.19%
IHH <sup>3</sup> (entities)	6	6	0	0.00%
Net earning assets	27,061	23,874	-3,187	-11.78%
Total portfolio	25,246	24,952	-294	-1.16%
Commercial	12,639	12,530	-109	-0.86%
Consumer	12,467	12,287	-180	-1.44%
Housing	140	135	-5	-3.57%
N5 <sup>2</sup> (%)	66.2	70.5	4.3	6.50%
IHH	1,903	1,845	-58	-3.05%
IHH <sup>3</sup> (entities)	5.26	5.42	0.16	3.04%
Total loan portfolio plus guarantees	25,300	25,034	-266	-1.05%
Total loan portfolio plus guarantees and endorsements	25,741	25,206	-535	-2.08%
Preventive estimates	2,642	3,116	474	17.94%
Traditional deposit-taking	20,832	19,495	-1,337	-6.42%
N5 <sup>2</sup> (%)	72	68	-4	-5.56%
IHH	2,216	2,163	-53	-2.39%
IHH <sup>3</sup> (entities)	4.51	4.62	0.11	2.44%

202

Securities investments	3,468	1,400	-2,068	-59.63%
Total investment portfolio	4,187	1,930	-2,257	-53.90%
Debtors under repurchase agreements	719	530	-189	-26.29%
Net earnings	71	-466	-537	-756.34%
Real estate, furniture and equipment	2,113	2,206	93	4.40%
N5 <sup>2</sup> (%)	73	69	-4	-5.48%
IHH	1,519	1,508	-11	-0.72%
IHH <sup>3</sup> (entities)	7	7	0	0.00%
Total liabilities	26,679	24,686	-1,993	-7.47%
Stockholders' equity	6,858	6,362	-496	-7.23%
Capital gain	623	-391	-1,014	-162.76%
Contributed capital	6,235	6,753	518	8.31%
Interests gained	10,688	11,239	551	5.16%
Interest expenses	1,752	1,938	186	10.62%
Financial margin	8,936	9,300	364	4.07%
Preventive estimates for loan risks of results	2,323	2,989	666	28.67%
Net earnings	71	-466	-537	-756.34%
Main indicators (%)				
IMOR <sup>4</sup>	9.4	12.1	2.7	28.72%
ICOR <sup>5</sup>	111.4	103.6	-7.8	-7.00%
EPRC/CT	10.5	12.5	2.0	19.05%
ROE <sup>6</sup>	1.04	-6.95	-7.99	-768.27%
ROA <sup>7</sup>	0.21	-1.45	-1.66	-790.48%
Liquidity <sup>8</sup>	0.5	0.4	-0.1	-20.00%
Leverage <sup>9</sup>	79.55	79.51	-0.04	-0.05%
Adequacy to capital requirement (Nicap) <sup>10</sup>	222.7	206.9	-15.8	-7.09%
Administrative and promotion costs / total operating income	97.2	106.4	9.2	9.47%
Net earnings / total operating income	0.95	-6.97	-7.92	-833.68%
Stock capital yield <sup>11</sup>	1.14	-6.91	-8.05	-706.14%
Customers' securities received in custody	764	744	-20	-2.62%
Trust securities	10.64	199.73	189.09	1,777.16%
Others	11,469	14,785	3,316	28.91%
IHH concentration index				
Total portfolio	1,903	1,845	-58	-3.05%
Commercial	1,325	1,372	47	3.55%
Consumer	3,788	3,548	-240	-6.34%
Housing	4,791	5,089	298	6.22%

203

### IHH concentration index (entities)

Total portfolio	5.26	5.42	0.16	3.04%
Commercial	7.55	7.29	-0.26	-3.44%
Consumer	2.6	2.8	0.2	7.69%
Housing	2.1	2.0	-0.1	-4.76%

#### Notes:

1/ Of the 39 SOFIPOs operating, only 37 delivered timely information and in due form based on the general provisions applicable to the sector.  
 2/ N5 = Defined by the percentage share in the sector assets, in December 2019, of the five largest entities: Libertad (34.8%), CAME (10.1%), Te creemos (10.0%), Fincomún (7.2%) and Crediclub (6.4%).  
 3/ IHH (entities) = inverse of the Herfindahl-Hirschman Index. Indicates the number of entities that split the market in equal parts.  
 4/ IMOR = Delinquency rate: non-performing portfolio / total portfolio (performing + non-performing).  
 5/ ICOR = Coverage index: preventive estimates for loan risks / non-performing portfolio.  
 6/ ROE = Net earnings accrued (12 months) / average 12-month balance of the stockholders' equity.  
 7/ ROA = Net earnings accrued (12 months) / average 12-month balance of the total assets.  
 8/ Liquidity= Availabilities + securities investments / short-term liabilities  
 9/ Leverage = total liabilities / total assets  
 10/ Nicap = Net capital / capital requirements for risks.  
 11/ Stock capital yield= net earnings / stock capital.

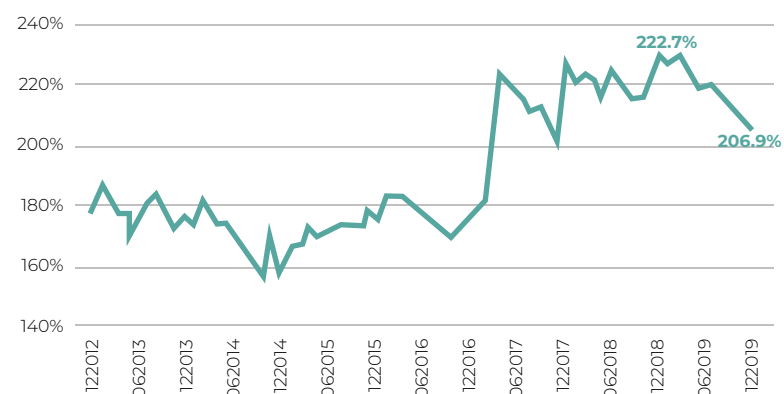
Source: CNBV, with information provided by the entities in April 2020.

The figures may vary compared to the 2018 Report, due to resending and reprocessing of information by cutoff date.

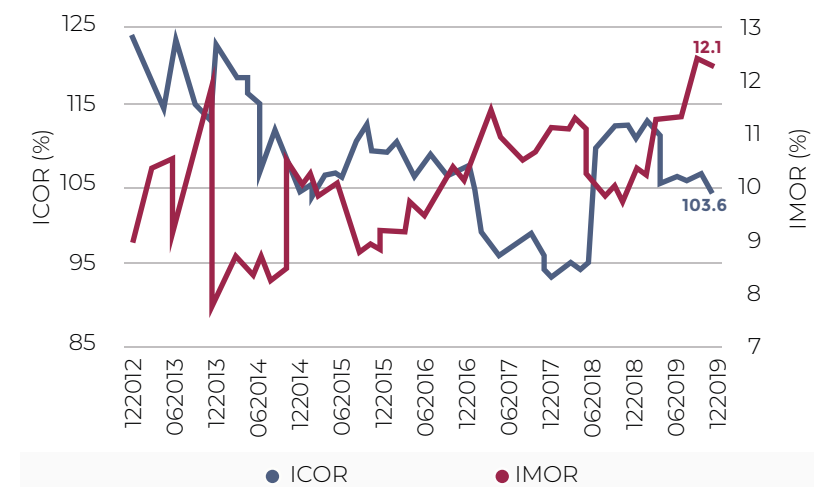
By the end of fiscal year 2019, the sector was made up of 39 operating entities. Throughout the fiscal year, there were no variations in the number of entities compared to the end of the year before. For the purpose of this report, the information of 37 entities is being considered, given that two of them are currently undergoing the process of revocation. The sector holds total assets worth \$31.05 billion MXN, 7.42% less than the year before.

The sector's financial situation was not favorable in the fiscal year reported, given that most entities did not reach the break-even point, showing a negative profitability with an ROE of minus 6.95% and an ROA of minus 1.45%, which reflect the fact that the income generated by the net earning assets of the entities, especially the loan portfolio, turn out to be insufficient to cover the administrative costs.

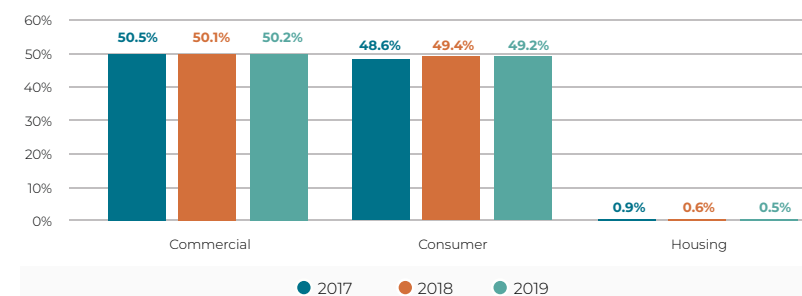
### Level of capitalization (%)



### Evolution of the delinquency and of the coverage index (%)



### Composition of the loan portfolio (%)



Source: CNBV, with information provided by the entities in April 2020.

The figures may vary compared to the 2018 Report, due to resending and reprocessing of information by cutoff date.

Even though the sector's Nicap was at 206.9% (equivalent to an ICAP of 16.6%), the socio-economic profile of the base of savers and borrowers of most entities makes the sector more sensitive to the impacts of an adverse scenario in the economy, such as a downturn of the economic activity, the deterioration in employment levels and a spike in inflation.

In view of the foregoing and structurally speaking, the sector faces an outlook of weak profitability and volatile solvency, which makes it difficult for most entities to increase their assets at risk, especially of the loan portfolio, having to converge their actions in preserving their liquidity, improve their profitability by reducing their administrative costs and controlling the levels of delinquency with timely and efficient debt collection.



# Annex D. New financial entities and registrations

## IBMs, brokerage firms and representative offices

Nr.	Entity	Details
1.	BNP Paribas México, S.A., Institución de Banca Múltiple	Authorization for the organization and operation of an IBM subsidiary.
2.	Altor, Casa de Bolsa, S.A. de C.V.	Authorization for Altorfin, S.A. de C.V. to incorporate and to operate as a brokerage firm and to be called Altor, Casa de Bolsa, S.A. de C.V.
3.	Bull and Bear Fixed Income S.A. de C.V.	Authorization for the organization and operation of a company that manages systems to facilitate operations with securities.
4.	Bank Julius Bar & Co. AG	Authorization for the establishment in Mexico of a representative office from that foreign financial entity.
5.	Bank J. Safra Sarafin Ltd., Bank J Safra Sarasin (Bahamas) Ltd. y Banque J. Safra Sarasin (Luxembourg) S.A.	Authorization for the establishment in Mexico of a joint representative office from those foreign financial entities.

## Financial technology institutions

Nr.	Entity	Details
1.	NVIO Pagos México, S.A.P.I. de C.V., Institución de Fondos de Pago Electrónico	Authorization for the organization and operation of an EPFI, which has yet to start operating.

## Registry of currency exchange centers and money transfer companies

Nr.	Entity	Registration or renewal
1.	Currency exchange centers	26 registrations and 27 renewals
2.	Money transfer companies	4 registrations and 5 renewals

## Registry of investment advisors

Legal entities	
1.	Mercer Asesores en Inversión Independientes, S.A. de C.V.
2.	Mercury Cap Independiente, S.A. de C.V.
3.	Link Advisors Asesor en Inversiones Independiente, S.C.
4.	360 Capital Asesores Independientes, S.A.P.I. de C.V.
5.	Cuantico Asesor en Inversiones Independiente, S.A. de C.V.
6.	Pan Agora Asesores Independientes, S.A. de C.V.
7.	Goldstorm, Asesor en Inversiones Independientes, S.A.P.I. de C.V.
8.	Ipb Administración, S.C., Asesor en Inversión Independiente
9.	Veletta Asesor en Inversiones Independiente, S.A. de C.V.
Natural persons	
1.	Gabriel Mario Cortes Cantu
2.	Salomon Sadi Constantino
3.	Genevieve Louise Signoret

# Annex E. Corporate restructurings

## IBMs and brokerage firms

Nr.	Entity	Details
1.	Banco Autofin	Authorization for the merger of that institution as surviving company with Motus Invertere as merged company.
2.	Banco Autofin y Banamex	Authorization for the demerger of Banamex to transfer its trust portfolio to a company that subsequently merged with Banco Autofin, the latter remaining as surviving company.
3.	CIBanco y Evercore Casa de Bolsa	Authorization for the demerger of Evercore to transfer trusts to a company that subsequently merged with CIBanco, the latter as surviving company.
4.	Evercore Casa de Bolsa	Authorization for the demerger of Evercore, Casa de Bolsa, S. A. de C.V., in order to transfer its trusts business to the company resulting from this demerger, as well as the merger of the demerged company with CIBanco, as surviving company.
5.	Banco S3	Authorization of: 1) the divestment of the “F” series shares, representative of the stock capital of that entity to a newly created company, formed by the demerger of its direct shareholder; 2) the indirect acquisition of that entity’s capital by a French company called CACEIS, and 3) the recognition from Banco Santander (Spain), as foreign financial institution.
6.	Finterra	Authorization of: 1) the indirect acquisition of 15.33% of the shares representing the stock capital of Banco Finterra, and 2) the direct acquisition of a series “O” share from said entity by Rabo Partnerships, B.V.
7.	Bank of America	Official record on the corporate reorganization of the companies that directly and indirectly control that entity.
8.	Accendo	Authorization of: 1) the acquisition of the control over Accendo Banco by Private Equity CP, through Grupo Accendo, and 2) the indirect acquisition of more than 20% of the shares representing the stock capital of that entity by Alumnos 47 Holdings and Moisés Cosío Espinosa, through Grupo Accendo.

## Distributors and operators of investment funds

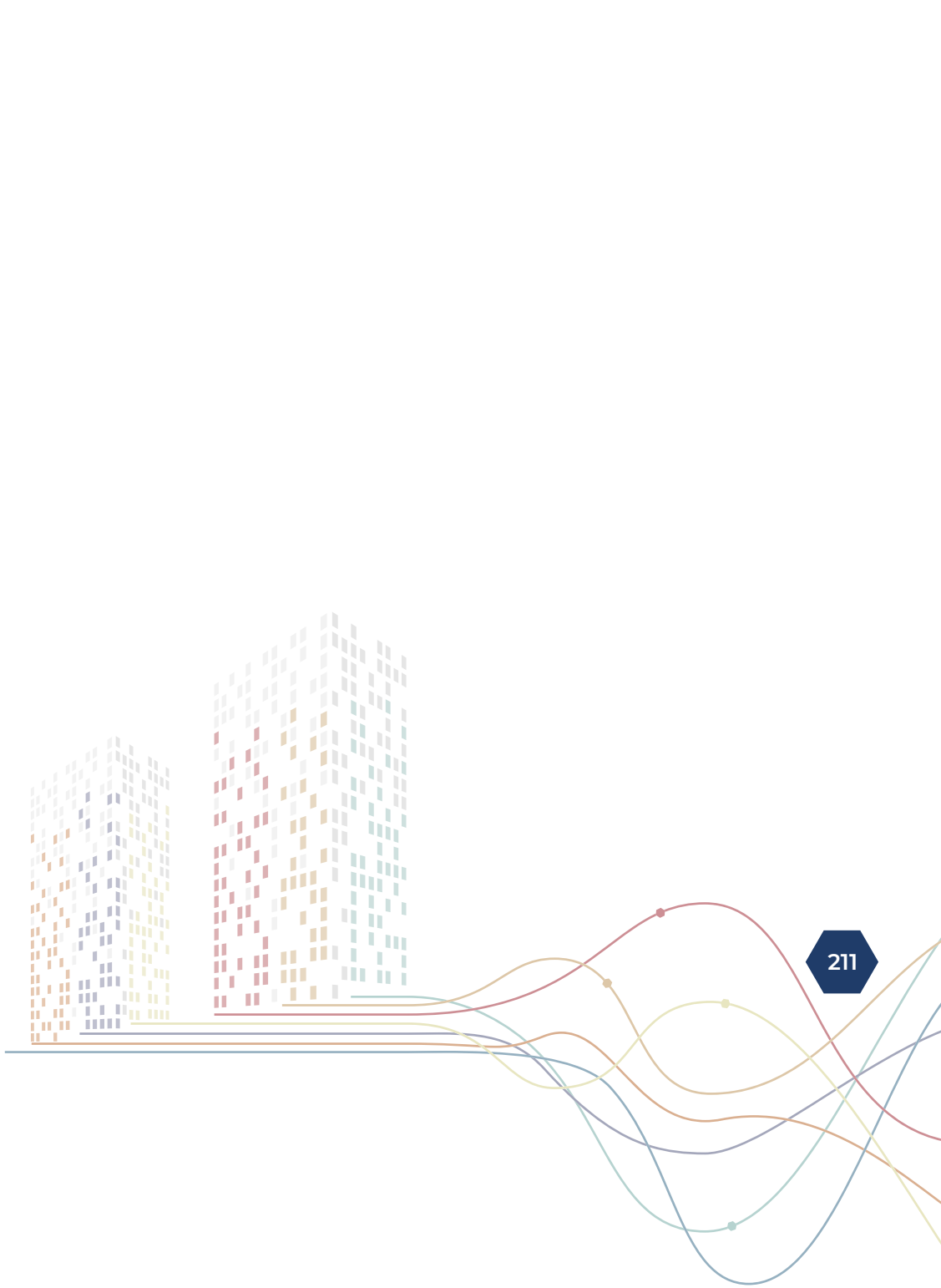
Nr.	Entity	Details
1.	Invermerica	Authorization so that three natural persons increased their indirect participation in the stock capital of the distributor, through Invermerica Holdings.
2.	BlackRock México Operadora de Fondos	<p>Authorization for the merger of BlackRock México Operadora, S.A. de C.V., Sociedad Operadora de Fondos de Inversión, as surviving company with BlackRock México Asesor, S.A. de C.V., Asesor en Inversiones Independiente, as merged company.</p> <p>The merger is the result of a corporate reorganization of the group of companies that are entirely owned and controlled by BlackRock Inc., which is why there will not be any change of control in BlackRock Operadora and there will be no transfer or divestment of the shares representing the stock capital of BlackRock Operadora, that are owned by Phoenix Acquisition and Phoenix Acquisitions Holdings, LLC.</p>

## SOFIPO

Nr.	Entity	Details
1.	Financiera T Agiliza	Authorization for the direct acquisition of all shares representing its stock capital, issued to four natural persons.
2.	Sofitab	Authorization for the direct acquisition of all shares representing its stock capital, to two legal entities and indirect acquisition by a natural person in its stock capital.
3.	SFP Porvenir	Authorization for the direct acquisition of all shares representing its stock capital, to six natural persons.



Opinions to the SHCP		
Nr.	Entity	Details
1.	GF Ve por Más	A favorable opinion was issued for the issuance of series "L" shares and for a trust to directly acquire 15.89% of the shares.
2.	Banregio GF	A favorable opinion was issued for: 1) the merger of Financiera Banregio and Banregio Soluciones, as merged company, with Start Banregio, as surviving company, and 2) the amendment to the group's corporate bylaws, as well as to the Single Liability Agreement.
3.	GF Banorte	A favorable opinion was issued so that the financial group's holding company increased its investment in the stock capital of Banorte Ahorro y Previsión and, in turn, the latter in the stock capital of Seguros Banorte.
4.	GF Santander	A favorable opinion was issued for: 1) the incorporation of a newly created SOFOM to that financial group; 2) amendment to the corporate bylaws of that financial group to consider the SOFOM as a member entity, and 3) the amendment to the Single Liability Agreement of said financial group.
5.	GF Scotiabank	A favorable opinion was issued for: 1) the merger of a bank and a SOFOM members of that financial group; 2) amendment to the corporate bylaws of that financial group to eliminate the consideration of that SOFOM as a member entity, and 3) the amendment to the Single Liability Agreement of said financial group.





# Annex F. Reforms to corporate and constituent bylaws

## IBM

Name	Approval of corporate bylaws and reforms		
	Capital stock	Administration	Others
Banco PagaTodo	2		
BBVA Bancomer			1
HSBC México			1
Banco Actinver	2		
Banco KEB Hana México	2		
Banco Ahorro Famsa	2		
Banamex	1		
Banco Inmobiliario Mexicano	1		
Banco Autofin México	1		
Forjadores	2		
Bancrea	1		
Accendo Banco	1		
Banco Azteca	1		1
Bank of America	1		
Banco Base	1		
Banco Compartamos	1	1	
Banco de Inversión Afirme			1
Banco Finterra	1		
Banco Sabadell	2		
Scotiabank Inverlat	1		
Total (28 reforms)	23	1	4

## Brokerage firms

Name	Approval of corporate bylaws and reforms		
	Capital stock	Administration	Others
Masari Casa de Bolsa	1		
Invex Casa de Bolsa	1		
Vifarú	1		
Evercore Casa de Bolsa	1		
HSBC Casa de Bolsa	1		
Morgan Stanley			1
Flnamex	1		
Monex		1	
CI Casa de Bolsa	2		
Total (10 reforms)	8	1	1

Investment fund management companies, service companies and real estate companies

Sector	Entity	Approval of corporate bylaws and reforms			
		Capital stock	Corporate purpose	Legal name	Administration
Investment fund management companies	GAF Operadora	1			
	BNP Paribas Investment Partners México			1	
	Old Mutual			1	
	Monex Operadora				1
	Operadora Nafinsa	1			
	Operadora Banregio			1	
	BlackRock México Operadora	1			
Service companies	BEEVA TEC			1	
	Cecoban		1		
Brokerage firm-owned real estate companies	Inmobiliaria Interin				1
Bank-owned real estate companies	Plaza Insurgentes	1			
Total (11 reforms)		4	1	4	2

SOFIPO

Name	Approval of corporate bylaws and reforms				
	Capital stock	Legal name	Corporate address	Administration	Others
Impulso para el Desarrollo de México	2		1		1
Capital Activo					1
Akala	1				
Comercializadora Financiera de Automotores	1				
Mascaja					1
J.P. Sofiexpress	1				
Financiera BXL antes Sofitab	1	2			
Sociedad de Alternativas Económicas	1				
Financiera Súmate	1				
Grupo Regional de Negocios	1				
Crediclub	1				
Operaciones de tu lado	1				
Total (17 reforms)	11	2	1	0	3

Federations

Entity	Approval of corporate bylaws and reforms				
	Capital stock	Corporate address	Regime	Corporate purpose	Legal name
FINE Servicios			1		
Federación Atlántico Pacífico del Sector de Ahorro y Crédito Popular			1		
Total (2 reforms)	0	0	2	0	0



SOCAP					
Name	Approval of corporate bylaws and reforms				
	Capital stock	Legal name	Corporate address	Administration	Others
Cosechando Juntos Lo Sembrado					1
Caja Popular Manzanillo					1
Caja Solidaria El Limón					1
Caja José Ma. Velasco					1
Caja Popular Villanueva					1
Total (5 reforms)	0	0	0	0	5

Credit unions					
Entity	Approval of corporate bylaws and reforms				
	Capital stock	Corporate address	Regime	Corporate purpose	Legal name
Agropecuario e Industrial Colonos de Irrigación			1		
Industriales de Nuevo León	1				
Comercio, Servicios y Turismo del Sureste			1		
UCB Impulsa			1		
Para la Contaduría Pública	1				
Gómez Palacio	1				
Santa Fe	1				
De la Provincia Mexicana	1				
Multiopciones				1	
San Marcos				1	
Total (10 reforms)	5	0	3	2	0



Annex G. Operational and legal aspects

New commission agents and service provision contracts			
Sector	Entity	New commission agents	Service provision
IBM	BanCoppel	1	1
	BBVA Bancomer	1	4
	Invex	1	
	Barclays		1
	HSBC México		4
	Bankaool		2
	Banco Actinver		1
	Banorte	1	
	Famsa	1	
	Autofin	1	2
	Banregio		1
	Ve por Más		1
	Banamex		5
	Accendo		1
	Bansi		1
	Banco Afirme	1	
	Banco Azteca	1	
	ClBanco		4
	Finterra		1
	Intercam		2
	Scotiabank		2
	Sabadell		2
	JP Morgan		6
IBD	Bancomext		1
	Bienestar	1	1

Brokerage firm	Evercore Casa de Bolsa	1	
	Actinver Casa de Bolsa	1	
	UBS Casa de Bolsa	1	
	Citibanamex CB	3	
	JP Morgan Casa de Bolsa	3	
SOFIPO	Te Creemos	1	1
	Libertad Servicios Financieros	1	
	Administradora de Caja Bienestar		1
	Ku-bo Financiero		2
	Fincomún, Servicios Financieros Comunitarios		2
	Paso Seguro Creando Futuro		1
SOCAP	Caja Morelia Valladolid	1	
	Caja Popular Mexicana	1	1
	Caja Solidaria Campesinos Unidos de Culiacán		1
	Caja Popular Cerano		1
	Caja Solidaria Puente de Camotlán		1
	Caja San Nicolás		1
	Caja Solidaria Jala		1
	Caja Popular Apaseo El Alto		1
	Caja Popular Tata Vasco		1
	Caja Solidaria Elota		1
	Caja Solidaria Sierra de San Juan		1
	Santander Inclusión Financiera	1	
SOFOM E.R.	Tarjetas Banamex		6
	Santander Consumo		1
	Arrendadora Banamex		1
	Arrendadora Ve por Más		1
	Santander Vivienda		1
	Globalcard		1
Total		14	80



### Authorizations of settlement procedures different from the one provided for in the CUIFE

N.º	Entity	Details
1.	Santander Inclusión Financiera	The different settlement procedure with OXXO was authorized.

### Self-correcting programs

Sector	Entity	Authorized	Inadmissible	Not presented
IBM	HSBC México	2		
	MUFG Bank México	1		
	BBVA Bancomer	1		
	Banca Afirme		1	
	Banco Azteca	1		
	Biafirme		1	
	Intercam		1	
IBD	Scotiabank	1		
	Sociedad Hipotecaria Federal	1		
Investment fund management companies	BlackRock México Operadora	1		
	Old Mutual			1
	Compass		1	
	CIFondos		1	
Distributors of investment funds	Principal Fondos	1	2	
	Invermerica		1	
Stock market	BIVA	1		
Credit unions	Industrial y Comercial de la Construcción del Estado de México			1

### Capital investments

Investor entity		Receiving entity	
Sector	Name	Name	Activity
IBM	Bankaool	Cecoban	Services
	Banorte	Interorbe Interdiseño Mobinter Estrategia en Finanzas	Real estate services
	Banorte	Delaro	Issuer
	Banorte	Operadora Banorte	Investment fund operating company
IBD	Banco del Bienestar	Más Pensión Inicial Más Pensión 90-94	SIEFORES
Stock market	Finamex CB	Finamex International, LLC. y Finamex Asset Management, LLC	Subsidiary
	Vector CB	VectorGlobal Panamá	Subsidiary
	Banorte CB	Interin	Real estate company
SOFOM	Arrendadora Banorte	Operaciones y Servicios GFB	Services

Increase in capital investment			
Investor entity		Receiving entity	
Sector	Name	Name	Activity
IBM	BBVA Bancomer	Financiera Ayudamos	SOFOM
	Banorte	SWIFT	Services
IBD	Nafin	Operadora de Fondos NAFINSA	Investment fund operating company
Brokerage firms	Banorte CB	Operadora Banorte	Investment fund operating company

Decrease in capital investment			
Investor entity		Receiving entity	
Sector	Name	Name	Activity
IBM	BBVA Bancomer	Opción Volcán	Services
		Opción Volcán	Services
		Financiera Ayudamos	SOFOM

Capital divestments			
Investor entity		Receiving entity	
Sector	Name	Name	Activity
IBM	Banorte*	Operadora Banorte	Investment fund operating company

\* Derived from the divestment, the authorization to invest in the complementary services company was overruled and rendered ineffective.

Operational and legal authorizations		
Sector	Entity	Details
Credit unions	Agropecuario e Industrial Colonos de Irrigación	Authorization to acquire shares representing the stock capital of a trading company (ENVICON).
	Productores de Café de Oaxaca	Authorization to acquire shares representing the stock capital of a trading company (ENVICON).
	Agrícola del Yaqui	Authorization to perform currency trading operations exclusively with its partners.
	De la Provincia Mexicana	Authorization to perform currency trading operations exclusively with its partners.
	Concreces	The issuance of preferred shares was authorized.
SOFIPO	Multiopciones	Authorization to change from operations level I to operations level II.
	Impulso para el Desarrollo de México	Authorization for two natural persons to transfer and acquire more than 10% of the shares representing its stock capital.
	Solución Asea	Authorization for two natural persons to transfer and acquire more than 20%, as well as the control, of the shares representing its stock capital.
	Capital Activo	Authorization to carry out an additional operation, which consists in financial factoring.
	Akala	Authorization to share confidential information.
	Financiera T Agiliza	Authorization to carry out deposit-taking operations.
	Opciones Empresariales del Noreste	Authorization for the direct acquisition of more than 10% of the shares representing the stock capital to one natural person.
	SFP Porvenir	Authorization to share confidential information.
	Fincomún, Servicios Financieros Comunitarios	Authorization to carry out a related operation, which consists in hiring rate coverage regarding a credit line.
	Sofitab	Authorization to carry out the operation which consists in providing the service of payroll payment and deduction.

	Financiera Mexicana para el Desarrollo Rural	Authorization to carry out passive transactions for amounts above the diversification limits.
	Mascaja	Authorization to transfer shares representing its stock capital.
	J.P. Sofiexpress	Authorization to transfer shares representing its stock capital.
SOCAP	Caja Popular Rosario	Authorization to carry out an operation above its operations level, which consists in granting loans with terms above 96 months.
	Caja Popular León Franco de Rioverde S.L.P.	Authorization to carry out an additional operation, which consists in granting housing loans with a 180-month term.
Bonded warehouses	Almacenadora de Depósito Moderno	Authorization to impact its contingency reserve.
	Almacenadora México	Authorization to impact its contingency reserve.
	Almacenadora Sur	Authorization to temporarily surpass the value of negotiable deposit certificates threefold the stockholders' equity.
	Almacenes Generales de Depósito del Yaqui	Authorization to extend the excess term of the certification limit.
	Almacenadora Banorte	Authorization to lease one of the spaces owned by the warehouse.
	Almacenadora Banorte	Authorization to lease one of the spaces owned by the warehouse.
	Almacenadora Banorte	Authorization to lease one of the spaces owned by the warehouse.
	Almacenadora Banorte	Authorization to surpass the limit of issuance of negotiable deposit certificates in enabled spaces.
	Almacenadora Banorte	Authorization to lease one of the spaces owned by the warehouse.
	Almacenadora Mercader	Authorization to modify its manual on risk assessment and critical indicators and dynamic rules.
Federations	FINE Servicios	Approval to modify its internal rules.
	Federación Victoria Popular	Approval to modify its internal rules.
	Federación Atlántico Pacífico del Sector de Ahorro y Crédito Popular	Approval to modify its internal rules.
	BMV	Authorization for four tariff modifications.
		Authorization for two cancellations of securities listed in the International Quotation System (SIC).

Stock exchanges	BIVA	Authorization to modify the tariffs.
		Authorization to modify the internal rules.
		Authorization to cancel securities in the SIC.
		Authorization to cancel securities in the SIC.
		Authorization to cancel securities in the SIC.
Contraparte Central and Indeval	Contraparte Central de Valores	Authorization to modify its Internal Rules.
	Indeval	Authorization for global custodial agreement.

Approvals		
Sector	Entity	Details
IBD	Banobras	Approval of the biannual training program.
	SHF	Approval of the biannual training program.
	Nafin	Approval of the biannual training program.
	Banjército	Approval of the biannual training program.
SOFOM E.R.	FC Financial	Approval of work plans
	SOFOM Inbursa	Approval of work plans
	Santander Consumo	Approval of work plans
	Santander Inclusión Financiera	Approval of work plans
	Santander Vivienda	Approval of work plans
	Arrendadora Ve por Más	Approval of work plans
	Motus Invertere	Approval of work plans
	Financiera Banregio	Approval of work plans
	Arrendadora y Factor Banorte	Approval of work plans
	SabCapital	Approval of work plans
	Tarjetas Banamex	Approval of work plans
	Arrendadora Banamex	Approval of work plans
	Finanmadrid	Approval of work plans
	Comercios Afiliados	Approval of work plans

Factoraje Afirme	Approval of work plans
Mifel	Approval of work plans
Financiera Bajío	Approval of work plans
Start Banregio	Approval of work plans
Crédito Familiar	Approval of work plans
GlobalCard	Approval of work plans
Arrendadora Base	Approval of work plans
Arrendadora Afirme	Approval of work plans
Mifel	Approval of work plans

Substitution of representative by representative offices	
Substitution of representative	The Import & Export Bank of Korea



### Opinions to the SHCP

Sector	Entity	Details
Financial groups	Grupo Financiero Inbursa	Opinion was issued to authorize the modification to its corporate bylaws due to the merger of SAI Inbursa, S.A. de C.V. and SP Inbursa, S.A. de C.V.
		Opinion was issued regarding the modification to Article 2 of its corporate bylaws for the purpose of eliminating the references of the entities called Seguridad Inbursa, S.A. de C.V. and SAI Inbursa, S.A. de C.V.
	Grupo Financiero Mifel	Opinion was issued for the comprehensive reform of its corporate bylaws, due to the revocation of the agreements adopted by the shareholders' special general meeting held on August 15, 2017.
	Grupo Financiero Ve por Más	A favorable opinion was issued for the issuance of series "L" shares and for a trust to directly acquire 15.89% of the shares.
	Banregio Grupo Financiero	A favorable opinion was issued for: 1) the merger of Financiera Banregio and Banregio Soluciones, as merged company, with Start Banregio, as surviving company, and 2) the amendment to the corporate bylaws of the group, as well as to the Single Liability Agreement.
	Grupo Financiero Banorte	A favorable opinion was issued so that the holding company of the financial group increased its investment in the stock capital of Banorte Ahorro y Previsión, and, in turn, for the latter to do the same in the stock capital of Seguros Banorte.
	Grupo Financiero Monex	A favorable opinion was issued to approve the modification to its corporate bylaws.
	Grupo Financiero Santander México	Opinion stating no objection was issued to authorize the modification to corporate bylaws, with the purpose of conducting various wording adjustments and stipulating in self-regulatory rules the capacities of the General Director.
		Opinion was issued regarding the request to use the word "Bank" in the newly created company to be called OpenBank México. It was informed that the reasons that gave rise to it ceased to exist, given that in November 2018 the use of the term Bank was authorized.
		It was declared that the reasons that gave way to the application regarding the request presented by GF Santander México to use the reserved term ("bank") in the name of a newly created company ceased to exist, given that the SHCP previously authorized the use of said term.

Central securities counterparty	Contraparte Central de Valores	A favorable opinion was issued to approve the amendment to its corporate bylaws.
Complementary services companies	J.P. Morgan Servicios	A favorable opinion was issued to approve the reform to its corporate bylaws.
Stock exchanges	BIVA	Opinion was issued to authorize the modification of the indirect shareholding, due to the increase in its stock capital by Central de Corretajes, S.A.P.I. de C.V.
		Opinion of no objection was issued to authorize the modification to corporate bylaws, with the purpose of conducting various wording adjustments and stipulating in self-regulatory rules the capacities of the General Director.
Bonded warehouses	Almacenedora Sur	Opinion was issued regarding the authorization for the acquisition of shares representing its stock capital.
Currency exchange offices	Imperial Casa de Cambio	Opinion was issued regarding the authorization to transfer shares representing its stock capital.
	B y B Casa de Cambio	Opinion was issued regarding the authorization for the acquisition of shares representing its stock capital.
Clearing houses and futures and options exchanges Futures and options exchanges	Asigna, Compensación y Liquidación	Opinion was issued on the 2019-2020 work plan of that clearing house.
		Opinion was issued on the hiring of an external firm to carry out an external accounting audit.
	MexDer, Mercado Mexicano de Derivados	Opinion was issued on fees charged for registering settlement operations and services.
		Opinion was issued on the hiring of an external firm to carry out an external accounting audit.
	MexDer, Mercado Mexicano de Derivados y Asigna Compensación y Liquidación	Opinion was issued on CGC Futuro IPC BMV and "MINI" Futuro IPC BMV.
		A favorable opinion was issued on the increase of shareholding of BMV in MexDer and Asigna.
IBM	Banco Santander México, en su carácter de socio liquidador	Opinion was issued on the increase of shareholding in the BMV.
	Scotiabank Inverlat, en su carácter de socio liquidador	Opinion was issued regarding the modification of its Manual on policies and procedures.
		Opinion was issued regarding the modification of its Manual on policies and procedures and General plan of operation.



## Opinions to Banxico

Entity	Description of the opinion
Asigna, Compensación y Liquidación	Favorable opinion was issued regarding the methodology for calculating minimum initial contributions.

## Requests to use reserved terms

5 requests to use reserved terms were denied, in accordance with the LFI.
1 request to use reserved terms was approved, in accordance with the LFI.
Authorization for the company Nomitek S.A. de C.V. to use the reserved term "Caja de Ahorros".
Authorization for the company Caja de Ahorro Zore, A.C to use the reserved term "Caja de Ahorro".
Authorization for the company Caja Popular Playa Vicente to use the reserved term "Caja Popular".



# Annex H. Revocations and cancellations

## Revocations at the request of the interested party

Financial entity		Official letter	
Sector	Name	Number	Date
Investment fund management companies	Akaan Transamerica, S.A. de C.V., Sociedad Operadora de Fondos de Inversión	P334/2019	December 2, 2019
	Bac Florida Bank	312-2/70341/2019	December 2, 2019
Representative offices	Wells Fargo Bank, National Association	312-3/70252/2019	September 27, 2019
	Credit Suisse, AG	312-3/70188/2019	August 2, 2019

## Authorizations rendered ineffective

Financial entity		Official letter	
Sector	Name	Number	Date
Credit unions	Agrícola e Industrial de Guasave	311-68834/2019	June 11, 2019
	Huasteca Veracruzana	311-82384/2019	December 13, 2019
SOCAP	Redfin	311-69049/2019	August 1, 2019

## Registry cancellations at the request of the interested party

Sector	Name or designation
Currency exchange centers	Centro Cambiario Davo
	Centro Cambiario Mawi
	Centro Cambiario Aral
	Centro Cambiario R&R
	Centro Cambiario La India
	Centro Cambiario Las Cruces
	Centro Cambiario Las Señales
	Centro Cambiario Ferro
	Centro Cambiario GCM
	Temop Centro Cambiario
	Centro Cambiario Pardo
	Centro Cambiario Ratocer
	Centro Cambiario Eliza
	Centro Cambiario Real del Norte
	Centro Cambiario La + Brava
	Centro Cambiario El Bombom
	Centro Cambiario Que Cambio
	Centro Cambiario Villa Acuña
	Centro Cambiario Casa Felipe
	Embia Divisas Centro Cambiario
	Centro Cambiario C.H.D.F
	Centro Cambiario Beluga
	Centro Cambiario La Chequera
	Centro Cambiario Morhig
	MGN Centro Cambiario
	Ugarte Centro Cambiario
	Centro Cambiario La Emperatriz
	Centro Cambiario Grupo Donald
	Barex Centro Cambiario
	Centro Cambiario Camargo
	Centro Cambiario Borderland
	Gamma Centro Cambiario
	Centro Cambiario Eight Cash
	Centro Cambiario Integral
	Moctezuma Centro Cambiario
	Centro Cambiario Visamar
	Centro Cambiario San Uriel
	Tamibe Centro Cambiario
	Centro Cambiario El Sol de Cachanilla

Registry cancellations at the request of the interested party

Sector	Name or designation
Money transfer companies	Uphold Services de México
	Value Transfer and Payments
Investment advisors	Gonzalo del Valle Morales
	Aquiles Román Toledo Figueroa

Registry cancellations due to breaches to Section VIII of Article 81-D of the LGOAAC

Sector	Name or designation
Currency exchange centers	Macrotv Centro Cambiario
	Centro Cambiario Los Pericos
	Sabimex Compra Venta de Divisas y Centro Cambiario
	Casa Gálvez Centro Cambiario
	Centro Cambiario Lacantun
	Cindy Centro Cambiario
	Centro Cambiario Vetel
	Centro Cambiario La Soledad
	Centro Cambiario Gamal
	Centro Cambiario Jaral
	CAXA IXM Centro Cambiario
	Centro Cambiario Latinoamericana
	Centro Cambiario American Dólar
	Actividad Operacional y de Gestion Rsk Centro Cambiario
	Centro Cambiario Miramontes
	Centro Cambiario Mava
	Zugarazo Centro Cambiario
	Centro Cambiario Calafia
	Centro Cambiario Mora
	Centro Cambiario y Comercialización de Metales Zapotiltic
	Centro Cambiario Terriquez
	Centro Cambiario VYD
	Divisas del Mayab Centro Cambiario
	Sinhue Centro Cambiario
	Centro Cambiario Aeroexchange

Registry cancellations due to breaches to Section VI of Article 81-D of the LGOAAC

Sector	Name or designation
Currency exchange centers	Casa Gose Centro Cambiario
	Centro Cambiario Rápido
	Dólares Valle Centro Cambiario
	Echegaray Centro Cambiario
	Centro Cambiario Divisas Metálicas y Servicios



# Annex I. New issuances in the stock market

## Shares

Public offering	Company	Approximate amount of public offerings (billion MXN)
Subsequent public offering (follow-on offering)	Vista Oil & Gas, S.A.B. de C.V.	\$2,031
Initial public takeover and exchange bid (OPA) (exchange offering)	Banco Santander, S.A.	\$29,278
Total		\$31,309

## Real-estate trust certificates: Fibras

Public offering	Issuing trustee	Administrator	Approximate amount of public offerings (billion MXN)
Subsequent	Banco Invex, S.A., I.B.M., Invex Grupo Financiero	Fibra Mty, S.A.P.I. de C.V.	\$3,900
Total			\$3,900

## Companies that carried out takeover bids (OPA)

Company	Description
GGI INV SPV, S.A.P.I. de C.V.	An OPA was made on the shares from RASSINI, S.A.B. de C.V. for an amount of \$109 million MXN, with the purpose of cancelling the registration of its shares representing the stock capital in the RNV.

## Trust certificates for investment projects (Cerpi)

Instrument	Description
Cerpi	The initial public offering of six Cerpi issuances was made for an estimated total amount of \$6.39 billion MXN; four subsequent placements for \$7.77 billion MXN; five capital calls of previously placed certificates for an estimated total amount of \$2.7 billion MXN, and the placement of an additional series for \$622 million MXN.

## Development capital certificates

Company	Description
CKD	The initial public offering of one CKD issuance was made for an estimated total amount of \$362.6 million MXN; seven subsequent placements for \$1.46 billion MXN; five placements of optional series for \$2.62 billion MXN; 59 capital calls of previously placed certificates for an estimated total amount of \$20.29 billion MXN and two capital calls of additional series for \$45 million MXN.

## Issuances of optional bonds

Institution	Number of issuances	Total amount (million MXN)
BBVA Bancomer, S.A. I.B.M., Grupo Financiero BBVA Bancomer	237	\$11,857
Citibanamex Casa de Bolsa, S.A. de C.V., Casa de Bolsa, Integrante del Grupo Financiero Citibanamex	96	\$12,005
Scotia Inverlat Casa de Bolsa S.A. de C.V., Grupo Financiero Scotiabank Inverlat	9	\$248
Banco Santander (México), S.A., I.B.M., Grupo Financiero Santander	1	\$43
<b>Total</b>	<b>343</b>	<b>\$24,153</b>

## Structured securities: Structured bank bonds

Institution	Number of issuances	Total amount (million MXN)
HSBC México, S.A., I.B.M., Grupo Financiero HSBC	38	\$3,251
Scotiabank Inverlat, S.A., I.B.M., Grupo Financiero Scotiabank Inverlat	14	\$1,843
BBVA Bancomer, S.A., I.B.M., Grupo Financiero BBVA Bancomer	14	\$5,478
Banco Mercantil del Norte, S.A., I.B.M., Grupo Financiero Banorte	1	\$250
<b>Total</b>	<b>67</b>	<b>\$10,822</b>

## Debt market: operations with asset-backed trust certificates

Issuing trustee	Trustor*	Total (billion MXN)
CIBanco, S.A., Institución de Banca Múltiple	Banco Nacional de México, S.A., Integrante del Grupo Financiero Banamex	\$1,500

\*Trustor of the simple credit rights entered into with the Federal Government (in which the Government of Mexico City acts as final recipient of the loan and sole beneficiary of the resources).

## Debt market: operations with asset-backed trust certificates

Trustee	Issuances	Type of asset	
Banco Invex, S.A., I.B.M., Invex Grupo Financiero	20	Collection rights*	Accounts receivable**
Banco Actinver, S.A., I.B.M., Grupo Financiero Actinver			
Banco Nacional de México, S.A., Integrante del Grupo Financiero Banamex			
Deutsche Bank México, S.A., I.B.M.  CI Banco, S.A., I.B.M.			
<b>Total (billion MXN)</b>		<b>\$6,528</b>	<b>\$20,815</b>

\*These include loan and lease contracts of movable and immovable assets. What stands out here is the placement of collection rights resulting from real estate portfolios originated by Bienes Programados, S.A. de C.V. (HIR CASA), for an amount of \$1 billion MXN.

\*\*They include income resulting from stretches of toll highway such as Autopista México – Puebla and Monterrey-Saltito. Likewise, income resulting from the sales of airplane tickets from Aeroenlaces Nacionales, S.A. de C.V., Aerovías de México, S.A. de C.V., and Concesionaria Vuela Compañía de Aviación, S.A.P. I. de C.V.

## Debt market: trust certificates without constituting asset-backed securities

Trustor	Issuances	Total amount (billion MXN)
Fibra Shop Portafolios Inmobiliarios, S.A.P.I. de C.V. (FSHOP)	2	\$2,378
Concentradora Fibra Hotelera Mexicana, S.A. de C.V.(FIHO)	1	\$2,500
Actinver Casa de Bolsa, S.A. de C.V., Grupo Financiero Actinver (FIBRAHD)	2	\$2,200
Asesor de Activos Prisma, S.A.P.I. de C.V. (FINN)	1	\$1,200
<b>Total</b>	<b>6</b>	<b>\$8,278</b>

Debt market: bank stock certificates

IBM	Number of issuances	Total amount (billion MXN)
Banco Actinver, S.A., I.B.M., Grupo Financiero Actinver	2	\$3,000
Banco del Bajío, S.A., I.B.M.	1	\$3,000
BBVA Bancomer, S.A, I.B.M., Grupo Financiero BBVA Bancomer	2	\$10,000
Banco Compartamos, S.A., Institución de Banca Múltiple	1	\$2,000
Banco Mercantil del Norte, S.A., I.B.M., Grupo Financiero Banorte	2	\$6,900
Banco Santander (México), S.A., I.B.M., Grupo Financiero Santander	4	\$10,000
Consubanco, S.A, I.B.M.	2	\$1,700
HSBC México, S.A, I.B.M., Grupo Financiero HSBC	6	\$21,817
Scotiabank Inverlat, S.A, I.B.M., Grupo Financiero Scotiabank Inverlat	5	\$16,483
Total	25	\$74,900

Debt market: bank stock certificates

Development bank	Number of issuances	Total amount (billion MXN)
Nacional Financiera, S.N.C., IBD	2	\$8,000
Sociedad Hipotecaria Federal, S.N.C., IBD	2	\$5,000
Banco Nacional de Obras y Servicios Públicos, S.N.C., IBD	3	\$10,000
Total	7	\$23,000

Debt market: state-owned companies and other promotion entities

Issuer	Number of issuances	Total amount (billion MXN)
Petróleos Mexicanos	1	\$5,100
Instituto del Fondo Nacional para el Consumo de los Trabajadores	1	\$2,000
Total	2	\$7,100

Debt market: asset-backed trust certificates (mortgage portfolio)

Trustee	Trustor	Type of asset	Issuances	Amount (billion MXN)
Banco Actinver, S.A., I.B.M., Grupo Financiero Actinver	Fovissste	Derechos de cobro de créditos hipotecarios	2	\$14,000
Total			2	\$14,000

Debt market: trust certificates without constituting asset-backed securities, placed by Banxico

Trustee	Trustor	Type of asset	Issuances	Amount (billion MXN)
Banxico	SHCP	Oferta pública	5	\$12,000
	(Fondo Especial para Financiamientos Agropecuarios)	Sin mediación de oferta pública (de corto o largo plazo)	9	\$11,840
Total			14	\$23,840

Debt market: obligations

Development bank	Number of issuances	Total amount (million MXN)
Banco de Inversión Afirme, S.A., I.B.M., Afirme Grupo Financiero	1	\$350
Total	1	\$350

Companies that carried out OPA of debt

Company	Description
CIBanco, S.A., Institución de Banca Múltiple (in its capacity as issuing trustee) and Fibra Shop Portafolios Inmobiliarios, S.A.P.I. de C.V. (as Trustor)	Made an OPA for the issuance of obligations with ticker symbol FSHOP 15, for an amount of \$241.9 million MXN, as part of the follow-on offering of issuances FSHOP 19 and FSHOP 19 U.
Banco Mercantil del Norte, S.A., I.B.M.	Made an OPA for the issuance of obligations with ticker symbol BANORTE 08U, for an amount of \$1.09 billion MXN.

Multilateral organizations and other foreign organizations

	Number of issuances	Total amount (billion MXN)
Central American Bank for Economic Integration	1	\$3,000
Inter-American Investment Corporation	1	\$1,500
Export-Import Bank of Korea	1	\$7,000
Total	3	\$11,500

Indexed trust certificates

Trustee	Trustor	Reference asset	Amount (million MXN)
Banco Nacional de México, S.A., part of Grupo Financiero Banamex, División Fiduciaria	VIGM, S.A. de C.V., Asesor en Inversiones Independiente	Index FTSE BIVA	\$99
Total			\$99



Annex J. Sanctions

Sector	Sanction resolutions					Conducts sanctioned	Amount of sanction imposed (MXN)	Amount of sanctions paid (MXN)
	Admonition (A)	Fine 1 (B)	Cancellation of Registration (C)	Order to suspend operations (D)	Total			
IBM	28	116	0	0	144	257	109,313,532	77,238,002
Investment funds*	1	33	0	0	34	54	26,218,641	13,380,221
Brokerage firms	0	26	0	0	26	33	20,419,840	11,054,783
Issuers	0	13	0	0	13	13	13,951,460	5,510,138
Credit unions	2	28	0	0	30	42	8,265,593	4,009,116
SOFOM E.R.	5	35	0	0	40	57	6,602,333	5,717,361
SOCAP	23	47	0	0	70	91	4,767,785	3,494,293
Natural persons	59	4	0	0	63	65	4,425,960	3,215,642
SOFIPO	7	21	0	0	28	41	4,148,073	3,268,847
SOFOM E.N.R.	36	143	0	0	179	179	3,424,719	1,338,016
Currency exchange centers	16	71	41	0	128	129	2,678,000	1,036,170
Bonded warehouses	1	10	0	0	11	12	1,515,602	690,034
Currency exchange offices	3	5	0	0	8	14	698,274	491,004
Participants in relevant payment system networks	45	1	0	0	46	46	403,000	322,400
Money transfer companies	7	9	2	0	18	18	167,216	119,373
Bank-owned real estate companies	0	1	0	0	1	1	161,200	161,200
Federation of popular savings and loan entities	1	1	0	0	2	3	146,080	116,864
OAAC	0	2	0	0	2	2	58,432	58,432
Holding companies of financial groups	1	3	0	0	4	5	58,422	11,216
Credit information bureaus	0	1	0	0	1	2	40,374	94,381
Development banking	1	0	0	0	1	1	0	11,942
Representative office	1	0	0	0	1	1	0	22,439
Persons in irregular activities	0	0	0	19	19	19	0	
Public trusts for economic financial promotion	0	0	0	0	0	0	0	233,728
Assistant supervisory fund de SOCAP	0	0	0	0	0	0	0	56,080
Grand total	237	570	43	19	869	1,085	207,464,536	131,651,683

1/ 38 of the fines come with admonition  
\*/ Includes: Distributing companies (comprehensive, referring, investment company shares); investment funds or companies (capitals, limited-purpose, variable income and in debt instruments); management companies of investment funds or entities (capitals, in debt instruments and variable income).

Annex K.

List of international committees and working groups in which CNBV officials participated in 2019

Committee / Group

Basel Committee on Banking Supervision (BCBS)

Group of Governors and Heads of Supervision (GHOS)

International Conference of Banking Supervisors (ICBS)

► BCBS

- Supervision and Implementation Group (SIG)

Working Group on Stress Testing (WGST)

Task Force for Financial Technology (TFFT)

Regulatory Consistency Assessment Programme (RCAP)

Market Risk Group (MRG)

Operational Resilience Group (ORG)

- Policy Development Group (PDG)

Working Group on the Quantitative Impact Study (QIS)

Working Group on Capital (WGC)

Working Group on Liquidity (WGL)

Large Exposures Group (LEG)

- Accounting Experts Group (AEG)
- Task Force on Sovereign Exposures (TFSE)
- Anti-Money Laundering Experts Group (AMLEG)

International Organization of Securities Commissions (IOSCO)

IOSCO Board

- Information Repository for Central Clearing Requirements
- Cyber Task Force
- ICO Consultation Network
- Data Analytics Group (DAG)
- Fintech Consultation Network
- Sustainable Finance Consultation Network

Committee on Issuer Accounting, Audit and Disclosure (CI)

- Accounting Sub-committee
- Information Disclosure Sub-committee

246

Committee / Group

International Organization of Securities Commissions (IOSCO)

Committee on Regulation of Secondary Markets (C2)

Committee on Regulation of Market Intermediaries (C3)

Committee on International Cooperation and Exchange of Information (C4)

- Scrutiny Group
- Monitoring Group of the Enhanced Multilateral Memorandum of Understanding (MMoU)

Committee on Investment Management (C5)

Committee on Credit Rating Agencies (C6)

Committee on Commodity Derivatives Markets (C7)

Committee on Retail Investors (C8)

Committee on Emerging Risks (CER)

Inter-American Regional Committee (IARC) / Council of Securities Regulators of the Americas (COSRA)

Growth and Emerging Markets Committee

Fintech Working Group of the Growth and Emerging Markets Committee (GEMC)

Steering Committee

Cross-sector groups

CPMI-IOSCO

- Policy Standing Group (PSG)
- Steering Group

BCBS-CPMI-FSB-IOSCO

- Study Group on Central Clearing Interdependencies (SGCCI)
- Derivatives Assessment Team (DAT) - Incentives to centrally clear over-the-counter (OTC) derivatives

Financial Stability Board (FSB)

Standing Committee on Supervisory and Regulatory Cooperation (SRC)

- Working Group on Governance Frameworks

247

Committee / Group

Financial Stability Board (FSB)

Standing Committee on Standards Implementation (SCSI)

- Compensation Monitoring Contact Group (CMCG)
- Implementation Monitoring Network (IMN)

Correspondent Banking Coordination Group (CBCG)

- WS1 on Data collection and analysis
- WS2 on Clarification of regulatory expectations
- WS3 on Development of the capacity of the national jurisdictions of the countries of origin of affected local banks
- WS4 on Strengthening of due diligence tools by banking correspondents

Regional Consultative Group of the Americas (RCGA)

- Non-Bank Financial Intermediation for the Americas (previously Working Group of Shadow Banking of the Americas)

Alliance for Financial Inclusion (AFI)

Global Policy Forum

Global Standards Proportionality Working Group (GSPWG)

SME Finance Working Group (SMEFWG)

Financial Inclusion Data Measuring Working Group (FIDMWG)

Financial Inclusion Strategy Peer Learning Group (FISPLG)

Digital Financial Services Working Group (DFSWG)

Consumer Empowerment and Market Conduct Working Group (CEMC)

Financial Inclusion Initiative for Latin America and the Caribbean (FILAC)

Inclusive Green Finance Working Group (IGFWG)

Committee / Group

Financial Action Task Force (FATF)

FATF Plenary meeting

GAFILAT Plenary meeting

Policy Development Group

Group on Risks, Trends and Methods

Group on Evaluation and Cooperation

Group on Review of International Cooperation

Annual Meeting

Steering Group

- Audit committee

Various

International Accounting Standards Board (IASB)

IFRS Advisory Council

Authorities of the IIMV Board (Ibero-American Securities Market Institute)

Financial Inclusion Global Initiative (WB/IMF)

Colleges of Bank Crisis Supervision and Management

BBVA Bancomer

- General Meeting of Supervisors of BBVA – Joint Supervisory Team (European Central Bank)
- Supervisory College (Bank of Spain)
- Crisis Management Group (Bank of Spain)

Santander

- General Meeting of Supervisors of Santander – Joint Supervisory Team (European Central Bank)
- Supervisory College – General Supervisor College (Bank of Spain)
- Crisis Management Group (Bank of Spain)

Committee / Group
<b>Bank of NovaScotia</b> <ul style="list-style-type: none"><li>Supervisory College (Office of the Superintendent of Financial Institutions (OSFI) Canada)</li></ul> <div><ul style="list-style-type: none"><li>Crisis Management Group (OSFI - Canada)</li></ul></div>
<b>CitiGroup</b> <ul style="list-style-type: none"><li>Core College</li><li>Supervisory College (Office of the Comptroller of the Currency (OCC) / Federal Reserve Bank of New York – USA)</li><li>US Crisis Management Group (Office of the Comptroller of the Currency (OCC) / Federal Reserve Bank of New York – USA)</li></ul>
<b>HSBC</b> <ul style="list-style-type: none"><li>HSBC College (Bank of England / Prudential Regulation Authority (PRA) – United Kingdom):<div><div>Core College</div><div>Global College</div><div>General College</div></div></li></ul> <div><ul style="list-style-type: none"><li>Crisis Management Group</li></ul></div>
<b>UBS</b> <ul style="list-style-type: none"><li>Supervisory College – UBS (Swiss Financial Market Supervisory Authority FINMA – Switzerland)</li></ul>
<b>CREDIT SUISSE</b> <ul style="list-style-type: none"><li>Supervisory College - Credit Suisse (Swiss Financial Market Supervisory Authority FINMA – Switzerland)</li></ul>
<b>Supervisory College of Credit Rating Agencies (CRAS)</b> <ul style="list-style-type: none"><li>Standard &amp; Poor's; Moody's (SEC – EUA)</li></ul> <div><ul style="list-style-type: none"><li>Fitch (ESMA – Unión Europea)</li></ul></div>

Committee / Group
<b>Pacific Alliance / Latin American Integrated Market (MILA)</b> <div>Supervisors Meeting</div> <div><ul style="list-style-type: none"><li>Executive Committee</li><li>Project Development Committee</li><li>MILA Supervisory Committee</li></ul></div> <div>Working Group on Financial Integration (GT-INF)</div> <div>Subgroup on Capital Markets. Finance Ministry Group</div>
<b>Organization for Economic Cooperation and Development (OECD)</b> <div>International Network on Financial Education (INFE)</div> <div>Regional Network for Latin America and the Caribbean of the International Network on Financial Education (INFE/OECD)</div> <div>Committee on Corporate Governance</div> <div>Roundtable on Corporate Governance in Latin America</div>
<b>North American Securities Administrators Association (NASAA)</b> <div>Annual Conference</div> <div>International Committee</div> <div>Investment Adviser Committee</div> <div>Broker-Dealer Committee</div> <div>Investor Education Committee</div> <div>Enforcement Committee</div> <div>Corporate Finance Committee</div> <div>Fintech Committee</div> <div>Cybersecurity Committee</div>



Committee / Group

Association of Supervisors of Banks of the Americas (ASBA)

Annual Meeting

Governing Board

Audit Committee

Technical Committee

Committee on Training and Technical Cooperation

Component III Global regulation practices and Fintech supervision practices

Financial Conduct Authority (FCA)

Global Financial Innovation Network (GFIN)

# Annex L. CNBV actions to address the economic situation caused by the covid 19 health emergency

## Introduction

The CNBV issued various Agreements to establish temporary and extraordinary measures, as well as to suspend the deadlines involving the matters and dealings of the entities and companies subject to the Commission's supervision, more specifically in terms of hearings, proceedings and ongoing procedures.

In addition, in coordination with the SHCP, administrative facilities were granted to financial entities so they could tend various obligations under their responsibility foreseen in the regulations issued by said Commission, as well as to mitigate the economic effects caused by the contingency.

On the other hand, the supervisory and monitoring activities during the COVID-19 contingency have focused on the ongoing follow-up to the development and proper implementation of the facilities granted, issuing various information requirements and maintaining close communication with financial entities.

In terms of operational and technological risks, a series of recommendations and measures were disseminated, aligned with international practices, so that the entities kept their business continuity plans up-to-date, in order to mitigate the risks of an operational contingency.

## Regulatory actions

The CNBV issued various Agreements to establish temporary and extraordinary measures in regulatory matters, among which the following stand out:

- Special accounting criteria (CCE) for all financial sectors, with the purpose of facilitating loan restructurings that allow borrowers to have better conditions to pay their debts.
  - Deferral on payments, of up to 6 months, in terms of consumer, housing and commercial loans.
  - For agricultural and rural credits, new maturity dates: up to 18 months, in line with the farming cycles of production and commercialization.

- Use of capital supplements by commercial banking institutions.
  - From April 2020 to March 2021, IBMs will be able to use the capital conservation supplement (capital buffer), without affecting their minimum solvency, as provided for by the prudential standards of Basel, and without having to present to the CNBV for approval their capital conservation plan, as long as the supplement they use does not exceed 50%.
- Use of liquidity supplements by commercial banking institutions.
  - Exceptions valid from February 28, 2020 to Mar 1, 2021.
- Flexibilizations in terms of remote hiring of financial products and services, such as opening of accounts and contracting loans for the banking, stock exchange, and popular savings and loan sectors.
- Capital adequacy exercises with reduced internal stress scenarios for commercial banking institutions.
- Recommendation in terms of dividend payout, repurchase of shares and other benefits for shareholders of banking institutions.
- Defer the entry into force of some regulations to help with the economic recovery.
  - Defer the entry into force of various regulations related to international standards and prudential precepts: i) IFRS9 and recalibration of the commercial loan portfolio; ii) Business Indicator Method to calculate capital requirements due to operational risk; iii) Requirement of Total Loss Absorbing Capacity (TLAC), and iv) Provisions in terms of diversification of active operations, to apply the Large Exposures standard.

256

Administrative actions

The CNBV issued various Agreements to establish temporary and extraordinary measures, as well as to suspend the deadlines involving the matters and dealings regarding hearings, proceedings and ongoing procedures. Based on the referred Agreements, between March and July 2020, in coordination with the SHCP, various administrative facilities were issued:

- Suspension of deadlines, with regard to hearings, proceedings and procedures that are ongoing, that are being carried out or that must be carried out before the CNBV, and by the CNBV in terms of AML/CFT towards the SHCP.
- The mandatory information that must be sent to the Commission in the mentioned period will have to be sent through the electronic means announced so by the CNBV on its webpage.
- As of July 16, 2020, the counting of the deadlines will resume, as stipulated in the applicable regulations, regarding the formalities and procedures initiated before the CNBV that are currently ongoing, also considering the obligations that need to be relayed or presented before the SHCP, by way of the CNBV, in terms of prevention of transactions with funds from illegal sources (AML), except for the exclusions included in the Agreement.

Supervisory actions

With the intent to achieve the supervisory goals, as well as conduct a more intensive monitoring of the supervised entities' situation, because of the contingency resulting from COVID-19, the supervisory processes have been strengthened, with reinforced monitoring through additional information requests, close communication with the entities supervised and ongoing monitoring of financial, operational and government indicators, among others.

The health emergency led to reassigning inspection activities towards monitoring, in order to strengthen the monitoring of the entities supervised, aiming at stability and proper functioning of the financial system in light of the economic effects caused by the contingency.

- Requests of additional information. In order to have timely information and strengthen its subsequent analysis, the supervisors made extraordinary requirements of information to the entities.

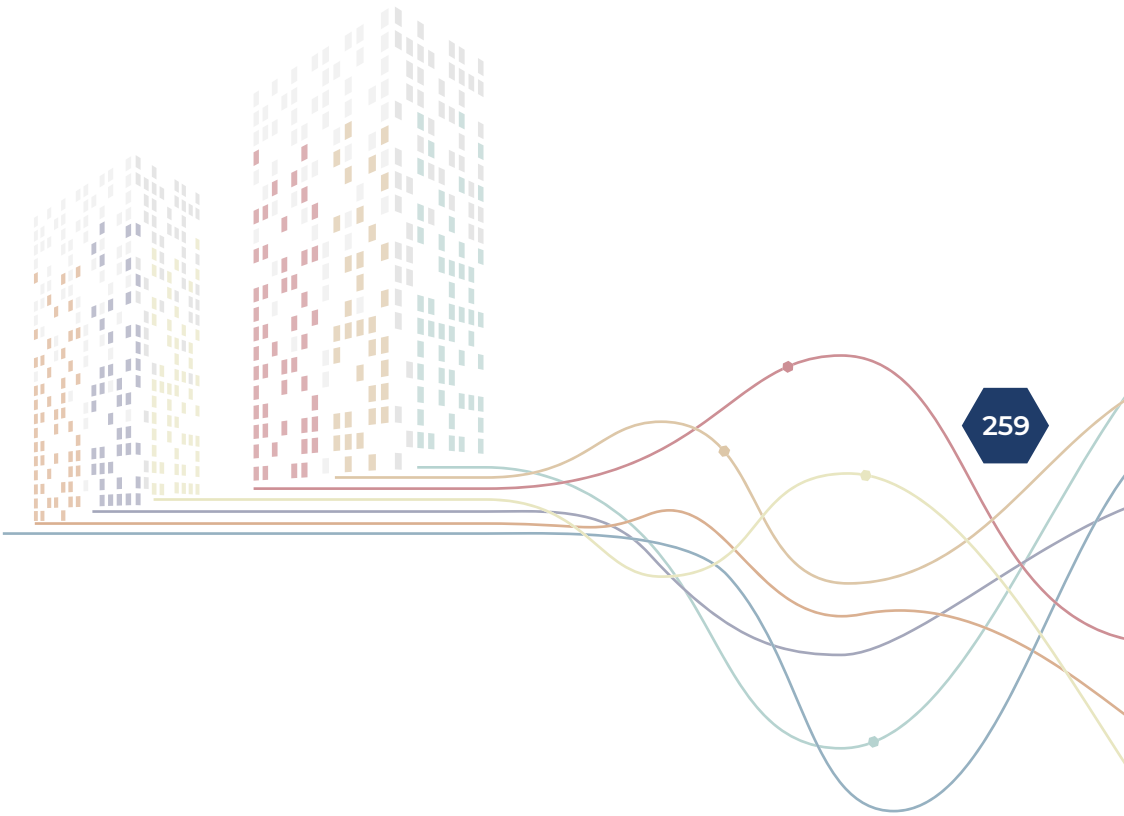
- Closer communication with the entities. During this period, the communication with the entities has become more intensive, helping to clarify doubts regarding the programs available, identifying problems in the supervised entities, as well as the existence of atypical operations.
- Intensive monitoring of indicators and topics of interest. An intensive monitoring of financial and operational indicators has been carried out, as well as that of specific topics, with the purpose of detecting critical aspects of the entities in a timely manner and, this way, being able to carry out the corresponding supervisory actions.

Below, the main actions are specified by sector:

Supervision	Actions
Credit institutions and popular finance	<p><b>IBMs, IBDs, Credit Unions, SOFIPOs and SOCAPs</b></p> <ul style="list-style-type: none"><li>● Ongoing follow-up to the development and adequate implementation of the administrative facilities issued, as well as to auxiliary actions, such as the creation of additional preventive reserves.</li><li>● Ongoing monitoring of continuity plans, liquidity, credit and solvency.</li></ul>
Stock exchange entities	<p><b>Brokerage firms</b></p> <ul style="list-style-type: none"><li>● Follow-up on ICAP, minimum stock capital, balance of securities in custody, number of accounts opened, liquidity indicator; likewise, the financial information was analyzed in order to corroborate their financial strength.</li></ul> <p><b>CCV securities central counterparty and Asigna derivatives market clearing house</b></p> <ul style="list-style-type: none"><li>● Follow-up on the management of risks associated with the settlement of operations that are carried out in the stock exchanges as well as in MexDer, through weekly monitoring of Asigna's and CCV's resilience indicators, and of the compliance with the payment of the liquidating partners, of the extraordinary settlements required by Asigna and of the additional margin requirements in CCV (securities central counterparty).</li></ul> <p><b>Credit rating agencies</b></p> <ul style="list-style-type: none"><li>● Follow-up on the actions carried out by the rating agencies as a response to the crisis: review and change of ratings, adjustment of macroeconomic and stress scenarios, sectorial impact notes and expectation of short-, medium- and long-term impact.</li></ul> <p><b>Price suppliers</b></p> <ul style="list-style-type: none"><li>● Analysis and evaluation of the proper application of methodological deviations due to movements in the rating, and of the agreements reached by investor meetings to defer or capitalize scheduled payments.</li><li>● Review of the merits of the participants' challenges in terms of their basis and of the conditions of the financial instruments involved.</li></ul>

257

Investment funds	<ul style="list-style-type: none"><li>● Ongoing monitoring of the handling of the liquidity, through the inflow and outflow of clients, compliance with the limits of repurchase and the application of price differentials due to significant and unusual acquisitions or sales of the shares.</li><li>● Ongoing review of compliance with the Value at Risk (VaR) limit established in the funds' leaflets, as well as in terms of the movements of the rating actions on the assets that make up the portfolios, or else, of the funds.</li></ul>
Investment advisors	<ul style="list-style-type: none"><li>● Intensification of the monitoring in the aspects of: 1) securities portfolios; 2) financial and operational information, and 3) follow-up on stock claims.</li></ul>
Supervision in AML (Anti-Money Laundering) / CFT (Combating the Financing of Terrorism)	<ul style="list-style-type: none"><li>● Issuance of a guide with the purpose of aiding financial entities identifying challenges and good practices before the risks of money laundering and financing of terrorism, and the threats and vulnerabilities as a result of the contingency.</li><li>● Temporary authorizations for various sectors (banks, brokerage firms, investment fund management companies and distributors of investment fund shares, and popular sector entities) to conduct interviews by means of digital platforms referred to by the General provisions applicable in terms of AML/CFT, as long as the verification of the data and documents of the applicant is carried out with the National Electoral Institute (INE) and the National Population Registry (RENAPO) (independent sources).</li></ul>
Specialized supervision	<p><b>Operational and technological risks</b></p> <ul style="list-style-type: none"><li>● Dissemination of recommendations and measures based on international practices, so that entities maintain their business continuity plans up-to-date, to mitigate risks of operational contingency.</li><li>● As of June 2020, the financial entities' plans for the phased and controlled return to work activities have been documented, considering a traffic light system, geographies, return by business areas and even extended initiatives for home office or staff turnover.</li></ul> <p><b>Information security</b></p> <ul style="list-style-type: none"><li>● Follow-up on the reports of information security incidents from various financial entities, as well as threats and vulnerabilities that have increased.</li></ul>
Supervision in terms of market behavior	<ul style="list-style-type: none"><li>● Daily follow-up on the delivery of reports with information from the operations carried out in the electronic negotiating systems, such as facts, stances, orders and assignments, with the purpose of having in a timely manner the information that allows performing an adequate follow-up on the market.</li></ul>
Technical support of supervision	<ul style="list-style-type: none"><li>● Modifications to different regulatory reports, mainly to the disaggregated figures on credit portfolio in the sectors of IBMs, development banks, SOFOM E.R., credit unions, SOFIPOs, SOCAPs and promotion entities, in order to identify those loans that were restructured or renewed because of the application of the benefits of CCE (Special Accounting Criteria), among them the deferral on payments.</li><li>● Modifications to operational reports to identify branches, modules and commission agents that had to temporarily close because of the contingency.</li></ul>







# GLOSSARY

Acronym	Name
<b>ABM</b>	<i>Asociación de Bancos de Mexico</i> (Banks of Mexico Association)
<b>AML/CFT</b>	Anti-Money Laundering and Combating the Financing of Terrorism
<b>AFI</b>	Alliance for Financial Inclusion
<b>APF</b>	<i>Administración Pública Federal</i> (Federal Public Administration)
<b>API</b>	Application Programming Interface
<b>APSRT</b>	<i>Activos ponderados sujetos a riesgo totales</i> (Total risk-weighted assets)
<b>ASBA</b>	Association of Supervisors of Banks of the Americas
<b>Asigna</b>	<i>Asigna Compensación y Liquidación</i> (Clearing house)
<b>Bancomext</b>	<i>Banco Nacional de Comercio Exterior</i> (National Foreign Trade Bank)
<b>Banjército</b>	<i>Banco Nacional del Ejército, Fuerza Aérea y Armada</i> (National Bank of the Army, Air Force and Navy)
<b>Banobras</b>	<i>Banco Nacional de Obras y Servicios Públicos</i> (National Bank for Public Works and Services)
<b>Banxico</b>	<i>Banco de México</i> (Central Bank of Mexico)
<b>billion MXN</b>	Billions of Mexican pesos
<b>BIVA</b>	<i>Bolsa Institucional de Valores, S.A. de C.V.</i>
<b>BMV</b>	<i>Bolsa Mexicana de Valores, S.A.B. de C.V.</i> (Mexican Stock Exchange)
<b>bp</b>	<i>Puntos base</i> (Base points)
<b>CB</b>	<i>Certificados bursátiles</i> (Securities certiticates/ Stock certificates)
<b>CBB</b>	<i>Certificados bursátiles bancarios</i> (Bank securities certiticates)
<b>CBF</b>	<i>Certificados bursátiles fiduciarios</i> (Trust certificates)
<b>CBFI</b>	<i>Certificados bursátiles fiduciarios inmobiliarios</i> (Real-estate trust certificates)
<b>CCV</b>	<i>Contraparte Central de Valores de México S.A. de C.V.</i>
<b>CD</b>	<i>Certificados de depósito</i> (Deposit certificates)
<b>CDMX</b>	<i>Ciudad de México</i> (Mexico City)
<b>CEFER</b>	<i>Calificación de entidades financieras con enfoque de riesgos</i> (Risk-focused rating matrix of financial entities)
<b>CEPCI</b>	<i>Comité de Ética y de Prevención de Conflictos de Interés</i> (Committee on Ethics and on Prevention of Conflicts of Interest)
<b>Cerpi</b>	<i>Certificados bursátiles fiduciarios de proyectos de inversión</i> (Trust certificates for investment projects)
<b>CFI</b>	<i>Crowdfunding institutions</i>
<b>Cinif</b>	<i>Consejo Mexicano de Normas de Información Financiera A.C.</i> (Mexican Board of Financial Reporting Standards)
<b>CISO</b>	Chief Information Security Officer
<b>CKD</b>	<i>Certificados bursátiles fiduciarios de desarrollo</i> (Development capital certificates)
<b>CNBV</b>	<i>Comisión Nacional Bancaria y de Valores</i> (National Banking and Securities Commission)

Acronym	Name
<b>CNDH</b>	<i>Comisión Nacional de los Derechos Humanos</i> (National Commission for Human Rights)
<b>CoDi</b>	<i>Cobro Digital</i> (Digital Charge)
<b>Conaif</b>	<i>Consejo Nacional de Inclusión Financiera</i> (National Council for Financial Inclusion)
<b>CONDUSEF</b>	<i>Comisión Nacional para la Protección y Defensa de los Usuarios de Servicios Financieros</i> (National Commission for the Protection of Users of Financial Services)
<b>CUB</b>	General provisions applicable to credit institutions ( <i>Circular única de bancos</i> )
<b>CUCB</b>	General provisions applicable to brokerage firms ( <i>Circular única de casas de bolsa</i> )
<b>CUE</b>	General provisions applicable to securities issuers and to other the stock market participants ( <i>Circular única de emisoras</i> )
<b>CUEACP</b>	General provisions applicable to popular savings and loan entities, integration bodies, community financial companies and rural financing integration bodies, as referred to by the Law on Popular Savings and Loan ( <i>Circular única de entidades de ahorro y crédito popular</i> )
<b>CUFI</b>	General provisions applicable to investment funds and to natural persons that provide them with services ( <i>Circular única de fondos de inversión</i> )
<b>CUIFE</b>	General provisions applicable to bonded warehouses, currency exchange offices, credit unions and regulated multi-purpose financing companies ( <i>Circular única de intermediarios financieros especializados</i> )
<b>CUITF</b>	General provisions applicable to financial technology institutions, FTIs ( <i>Circular única de instituciones de tecnología financiera</i> )
<b>CUSOCAP</b>	General provisions applicable to the activities of savings and loan cooperatives ( <i>Circular única de sociedades cooperativas de ahorro y préstamo</i> )
<b>DOF</b>	<i>Diario Oficial de la Federación</i> (Official Gazette of the Federation)
<b>EBR</b>	<i>Enfoque basado en riesgos</i> (Risk-based approach)
<b>ECCO</b>	<i>Encuesta de Clima y Cultura Organizacional</i> (Institutional Culture and Work Environment Survey)
<b>ENAFIN</b>	<i>Encuesta Nacional de Financiamiento de las Empresas</i> (National Survey on the Financing of Companies)
<b>EPRC/CT</b>	<i>Estimaciones preventivas para riesgo crediticio/cartera de crédito total</i> (Preventive estimates for loan risk/total loan portfolio)
<b>ESC</b>	<i>Evaluación de suficiencia de capital</i> (Evaluation of capital adequacy)
<b>ESC-EI</b>	<i>Evaluación de suficiencia de capital bajo escenarios internos</i> (Evaluation of capital adequacy under internal scenarios)
<b>ESC-ES</b>	<i>Evaluación de suficiencia de capital bajo escenarios supervisores</i> (Evaluation of capital adequacy under supervisory scenarios)
<b>ETF</b>	Exchange-traded fund
<b>FATF</b>	Financial Action Task Force
<b>FGR</b>	<i>Fiscalía General de la República</i> (Mexico's Attorney General Office)
<b>Fibra</b>	<i>Fideicomiso de infraestructura y bienes raíces</i> (Infrastructure and real estate trust)

Acronym	Name
<b>Fibra E</b>	<i>Fideicomiso de inversión en infraestructura y energía</i> (Investment in infrastructure and energy trust)
<b>Fifomi</b>	<i>Fideicomiso de Fomento Minero</i> (Mining Development Trust)
<b>Fintech</b>	Financial technology
<b>Fipago</b>	<i>Fondo para el Fortalecimiento de Sociedades y Cooperativas de Ahorro y Préstamo y de Apoyo a sus Ahorradores</i> (Trust for the Management of Funds for the Strengthening of Savings and Loan Cooperatives and Companies and for the Support to their Savers)
<b>FIRA</b>	<i>Fideicomisos Instituidos en Relación a la Agricultura</i> (Instituted Agricultural Funds)
<b>FND</b>	<i>Financiera Nacional de Desarrollo Agropecuario, Rural, Forestal y Pesquero</i> (National Financing Company for Agricultural, Rural, Forestry, and Fisheries Development)
<b>Focoop</b>	<i>Fondo de Supervisión Auxiliar de Sociedades Cooperativas de Ahorro y Préstamo y de Protección a sus Ahorradores</i> (Assistant Supervisory Fund of Savings and Loan Cooperatives and de Protection of its Savers)
<b>FOVI</b>	Fondo de Operación y Financiamiento Bancario a la Vivienda (Fund of Operation and Bank Financing for Housing)
<b>Fovissste</b>	<i>Fondo de la Vivienda del Instituto de Seguridad y Servicios Sociales de los Trabajadores del Estado</i> (Housing Fund of the Institute of Social Security and Services of State Workers)
<b>FTI</b>	Financial technology institutions
<b>GDP</b>	Gross Domestic Product
<b>GFIN</b>	Global Financial Innovation Network
<b>GRI</b>	Grupo de Respuesta a Incidentes Sensibles de Seguridad de la Información (Information Security Sensitive Incident Response Team)
<b>IADB</b>	Inter-American Development Bank
<b>IBD</b>	<i>Instituciones de banca de desarrollo</i> (Development bank institutions)
<b>IBM</b>	<i>Instituciones de banca múltiple</i> (Commercial banking institutions)
<b>ICAP</b>	<i>Índice de capitalización</i> (Capitalization index)
<b>ICOR</b>	<i>Índice de cobertura</i> (Coverage index)
<b>ICT</b>	Information and Communication Technologies
<b>IFP</b>	<i>Índice de fortaleza patrimonial</i> (Balance-sheet strength index)
<b>EPFI</b>	Electronic Payment Funds Institutions
<b>IHH</b>	<i>Índice Herfindahl-Hirschman</i> (Herfindahl-Hirschman Index)
<b>IMOR</b>	<i>Índice de morosidad</i> (Delinquency rate)
<b>INAI</b>	<i>Instituto Nacional de Transparencia, Acceso a la Información y Protección de Datos Personales</i> (National Institute of Transparency, Access to Information, and Protection of Personal Data)
<b>Indeval</b>	<i>Institución para el Depósito de Valores SD Indeval</i> (Institute for the Deposit of Securities)
<b>INEGI</b>	<i>Instituto Nacional de Estadística y Geografía</i> (National Institute of Statistics and Geography)

Acronym	Name
<b>Infonacot</b>	<i>Instituto del Fondo Nacional para el Consumo de los Trabajadores</i> (Institute for the National Fund for Consumption of Workers)
<b>Infonavit</b>	<i>Instituto del Fondo Nacional de la Vivienda para los Trabajadores</i> (Institute for the National Fund for Housing for Workers)
<b>IOSCO</b>	International Organization of Securities Commissions
<b>IPAB</b>	<i>Instituto para la Protección al Ahorro Bancario</i> (Institute for the Protection of Bank Savings)
<b>IPC</b>	<i>Índice de Precios y Cotizaciones</i> (Mexican Stock Exchange Index)
<b>ISSSTE</b>	<i>Instituto de Seguridad y Servicios Sociales de los Trabajadores del Estado</i> (Institute of Social Security and Services of State Workers)
<b>LACP</b>	<i>Ley de Ahorro y Crédito Popular</i> (Law on Popular Savings and Loan)
<b>LCR</b>	<i>Coeficiente de cobertura de liquidez, CCL</i> (Liquidity coverage ratio)
<b>LFD</b>	<i>Ley Federal de Derechos</i> (Federal Rights Law)
<b>LFI</b>	<i>Ley de Fondos de Inversión</i> (Law on Investment Funds)
<b>LGOAAC</b>	<i>Ley General de Organizaciones y Actividades Auxiliares del Crédito</i> (General Law on Auxiliary Credit Organizations and Activities)
<b>LIC</b>	<i>Ley de Instituciones de Crédito</i> (Law on Credit Institutions)
<b>LMV</b>	<i>Ley del Mercado de Valores</i> (Securities Market Law)
<b>LRAF</b>	<i>Ley para Regular las Agrupaciones Financieras</i> (Law to Regulate Financial Groups)
<b>LRASCAP</b>	<i>Ley para Regular las Actividades de las Sociedades Cooperativas de Ahorro y Préstamo</i> (Law to Regulate the Activities of the Savings and Loan Cooperatives)
<b>LRITF</b>	<i>Ley para Regular las Instituciones de Tecnología Financiera</i> (Law to Regulate Financial Technology Institutions)
<b>LUC</b>	<i>Ley de Uniones de Crédito</i> (Law on Credit Unions)
<b>Mafor</b>	<i>Margen financiero ajustado por riesgos crediticios</i> (Financial margin adjusted for loan risks)
<b>million MXN</b>	Millions of Mexican pesos
<b>MIN</b>	<i>Margen financiero</i> (Financial margin)
<b>MoU</b>	Memorandum of Understanding
<b>Nafin</b>	<i>Nacional Financiera</i>
<b>NGFS</b>	Network of Central Banks and Supervisors for Greening the Financial System
<b>Nicap</b>	<i>Nivel de capitalización</i> (Level of capitalization)
<b>NIF</b>	<i>Normas de Información Financiera</i> (Financial Reporting Standards)
<b>OAAC</b>	<i>Organizaciones y actividades auxiliares de crédito</i> (Auxiliary credit organizations and activities)
<b>OAS</b>	Organization of American States
<b>OIFR</b>	<i>Organismos de integración financiera rural</i> (Rural financing integration Bodies)

Acronym	Name
OPA	Oferta pública de adquisición de acciones (Takeover bid; Public offering of acquisition of shares)
OPI	Oferta pública inicial (Initial public offering)
OVD	Operaciones con valores y derivados (Operations with securities and derivatives)
PAP	Plan de acción preventivo (Preventive action plan)
PC	Plan de capitalización (Capitalization plan)
PEP	Personas políticamente expuestas (Politically exposed persons)
PES	Padrón de Entidades Supervisadas (Supervised Entities Registry)
POS	Point of Sale terminals
pp	Puntos porcentuales (Percentage points)
Prosofipo	Fondo de Protección de Sociedades Financieras Populares y de Protección a sus Ahorradores (Fund for the Protection of popular financial companies and for the Protection of its Savers)
RAT	Responsables de archivo de trámite (Persons Responsible for Procedure Records)
RNV	Registro Nacional de Valores (National Securities Registry)
ROA	Return on assets
ROE	Return on equity
S.A.B.	Sociedad anónima bursátil (Publicly traded Corporation)
S.A.P.I.	Sociedad anónima promotora de inversión (Investment promotion limited company)
SAT	Sistema de Administración Tributaria (Tax Administration Service)
SCJN	Suprema Corte de Justicia de la Nación (Supreme Court of Justice of the Nation)
SEAOC	Sistema electrónico de autorizaciones para la organización, operación y funcionamiento de entidades (Electronic system of authorizations for the organization, operation and functioning of entities)
SFM	Sistema financiero en México (Financial system in Mexico)
SFP	Secretaría de la Función Pública (Ministry of Public Administration)
SHCP	Secretaría de Hacienda y Crédito Público (Ministry of Finance and Public Credit)
SHF	Sociedad Hipotecaria Federal (Federal Mortgage Company)
Siara	Sistema de atención de requerimientos de autoridad (System of Attention to Authority Requests)
SIC	Sociedades de información crediticia (Credit information bureaus)
SICOI	Sistema de control interno (Internal control system)
SIEFORES	Sociedades de inversión especializadas de fondos para el retiro (Investment companies specializing in retirement funds)
SITI	Sistema Interinstitucional de Transferencia de Información (Inter-institutional Information Transfer System)

Acronym	Name
SMA	Standardized measurement approach
SNEF	Semana Nacional de Educación Financiera (National Financial Education Week)
SOCAP	Sociedades cooperativas de ahorro y préstamo (Savings and loan cooperatives)
SOFINCO	Sociedades financieras comunitarias (Community financial companies)
SOFIPO	Sociedades financieras populares (Popular financial companies)
SOFOM E.N.R.	Sociedades financieras de objeto múltiple entidades no reguladas (Multi-purpose financing companies non-regulated entities)
SOFOM E.R.	Sociedades financieras de objeto múltiple reguladas (Multi-purpose financing companies regulated)
SPC	Servicio Profesional de Carrera (Professional Career Service)
SPCT	Servidores Públicos de Carrera Titulares (Staff Career Public Officers)
Suptech	Supervisory technology
TDA	Tasa de Deterioro Ajustada (Adjusted impairment rate)
TFJA	Tribunal Federal de Justicia Administrativa (Federal Court of Administrative Justice)
Trac	Títulos referenciados a acciones (Stock-referenced certificates)
UEIPPCI	Unidad de Ética, Integridad Pública y Prevención de Conflictos (Unit of Ethics, Public Integrity and Prevention of Conflicts of Interest)
USA	United States of America
XBRL	Extensible business reporting language



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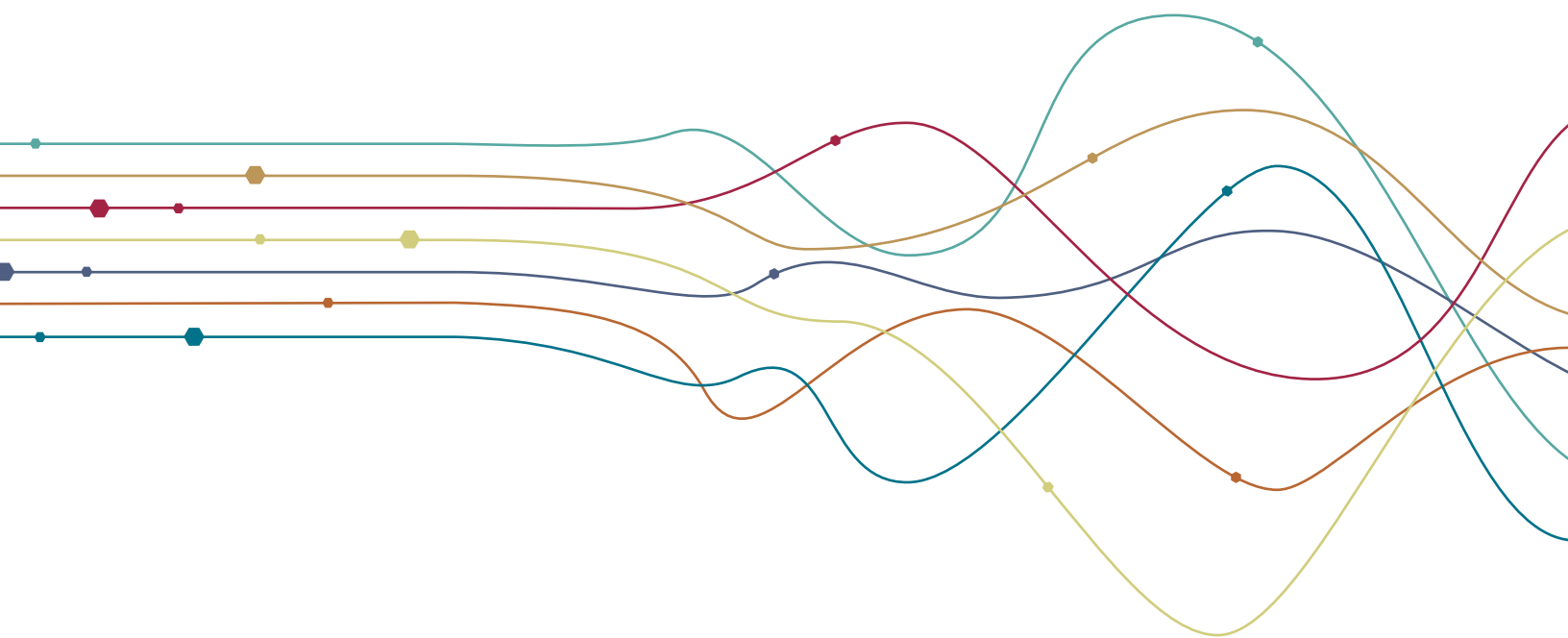
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