

SECTION TWO

MINISTRY OF PUBLIC FINANCE AND CREDIT

LAW Bank of Mexico

The margin a seal with the national emblem, which reads: United States of Mexico - Presidency of the Republic..

Carlos Salinas de Gortari, Constitutional President of the United Mexican States, its inhabitants:

That the Congress of the Union, has sent me the following

DECREE

"THE CONGRESS OF THE UNITED STATES OF AMERICA, ET A DECR:

BANCO DE MEXICO LAW '

CHAPTER I

Nature, Purpose and the

Functions

The 1st ARTICLE -. Central bank under public law shall be autonomous and be called Banco de Mexico. Eh the exercise of its functions and administration shall be governed by the provisions of this Act, regulations of the sixth and seventh of Article 28 of the Constitution of the United Mexican States and paragraphs.

ARTICLE 2 -. Banco de Mexico will aim to provide the economy of the country of currency. In achieving this goal will give priority to ensure the stability of the purchasing power of that currency. Also be the Bank aims to promote the healthy development of the financial system and 'promote the smooth operation of payment systems.

. ARTICLE 3 - The Bank shall perform the following functions:

I. Regular issuance and circulation of currency, changes, brokerage and financial services, as (like payment systems;

II. Operating with credit institutions as reserve bank and lender of last resort;

III. Provide treasury services to the Federal Government and act como financial agent;

IV. Serve as advisor to the Federal Government on economic and particularly financial;

V. Participation in the International Monetary Fund and other international financial cooperation agencies or bringing together central banks, and

VI. Operate with agencies fraction V above shall, with central banks and other foreign legal persons exercising authority in 'financial matters.

CHAPTER II

Issue and Monetary Circulation

ARTICLE 4 -. Privatively be for the Bank of Mexico issued tickets and ordering the minting of coins, as well as putting two signs in circulation through the operations authorized by this Act to perform.

. The 5th ARTICLE - banknotes issued by the Bank of Mexico shall contain: the name with number and letter; the serial number; the date of issue resolution; facsimile signatures on a

member of the Governing Board and Chief Cashier; the words "Bank of Mexico, and the other features indicated by the Bank.

The Bank may make or order your tickets manufacture of these third parties.

ARTICLE 6o -. The Bank, directly or through correspondents, must switch to view notes and coins put into circulation by others in the same or different name, and without limitation of the holder.

If the Bank or its correspondents dispusieren tickets or coins of the denominations requested, the obligation to exchange tickets or be discharged by supplying coins of denominations that have, closer to the defendants.

Exceptions to the provisions of this article concerning metal coins. Section II of Article 62.

In fulfilling its obligation to exchange with credit institutions, the Bank may deliver notes and coins of denominations whose largest circulation deems appropriate to facilitate payments.

CHAPTER III

Operations

. The 7th Article - The Bank of Mexico may perform the following acts:

I. Trading in securities;

II. Give credit to the Federal Government, to credit institutions, as well as bank savings protection fund and support the stock market under the laws of Credit Institutions and Securities Market;

III. Giving credit to those specified in Section VI of the 3rd Article.;

IV. Make deposits with banks or securities depositories, the country or abroad;

V. acquire securities issued by international financial institutions or entities domiciled abroad, than those provided in Section II of Article 20;

VI. Issue bonds for monetary policy;

VII. Receive bank deposits of money from the Federal Government, financial institutions in the country and abroad, public trusts and economic development referred to in the following section XI of institutions for the deposit of securities, as well as entities of public administration when federal law so provides;

VIII. Receive money from bank deposits persons referred to in Section VI of the 3rd Article.;

IX. Get credit for persons referred to in Section VI of 3o to article. and foreign financial institutions, solely for purposes of exchange controls;

X. Perform operations with foreign currencies, gold and silver, including bonds;

XI. Acting as trustee when by law assigned that task, or in the case of

trusts whose purpose contribute to the performance of his duties or which constitutes the Bank itself to meet labor charge obligations and

XII. Receive deposits or securities in safekeeping or administration of persons specified in Sections VII and earlier VIII. You can also receive deposits from other effects of the Federal Government.

The Bank may not realize but acts expressly provided for in the provisions of this Act or related to them.

- Article 80 -. Transactions referred to article 7. will be contracted to observe in terms consistent with market conditions at the time of its conclusion, except for those which by their nature do not have quoted market.

In addition, securities transactions carried out by the Central Bank, except those listed in Sections IV, V and XII of article 7. and in Section I of Article 9., is made exclusively by auction titles are aimed by the Federal government, lenders of the bank itself.

. Article 9 - The Bank of Mexico shall not lend securities to the Federal Government or purchase thereof, except in the case of purchases of securities by the Government itself and give either one of the following conditions:

- 1. Acquisitions remain matched with deposits not withdrawable cash before maturity, that Government constituting the Bank with the proceeds of the placement of the securities referred to, which amounts, sleeps and yields are equal to those of the object values' of the corresponding operation; or,

11. The acquisitions correspond to positions taken by the Bank in primary auctions of such securities. These acquisitions shall be in no case greater than the securities owned by the Government of the Bank maturing on placement of securities to be auctioned amount.

ARTICLE 10 -. Feature agent of the Federal Government for the issuance, placement, purchase and sale of securities representing domestic debt of that government and, in general, for the service of such indebtedness, shall be deprivation of the Central Bank.

ARTICLE 11 -. Banco de Mexico may only give credit to the Federal Government through the exercise of the checking account. leading to the Federal Treasury and subject to what is provided in Article 12. For the purposes of this Act, are not considered credit to the Federal Government by the values of this property of the Central Bank.

. ARTICLE 12 - The Bank shall maintain a checking account in the Treasury of the Federation shall be as agreed between the parties, but in any case the following:

I. As can be charged or credited to this account using direct instruction of the Treasurer of the Federation to the Bank, the latter receives an advance of at. one banking day from the date to be effected the respective debit or credit;

II. The Banco de Mexico may, without authorization of the Treasurer of the Federation, charge it to service domestic debt of the Federal Government;

III. Under this account can not rid checks or other documents to third parties, and

IV. The balance, if any, Obre by the Federal Government shall not exceed a limit equal to 15 percent of the expenditures of the government itself under the Expenditure Budget of the Federation for the year in question, regardless the. identified for debt repayment of the Government unless for extraordinary circumstances, substantially increase the temporary differences between income and expenditure.

In the event that the outstanding balance of the account exceeds the said limit, the Bank will proceed with the placement of securities by the Federal Government, on behalf and for the amount of the surplus. If necessary or desirable, the Bank, also on behalf of the Federal Government, securities issued by it to the

respective placement. In determining the>

and positioning characteristics; where appropriate, issue, the Bank will seek the best conditions for the Government within what the market allows.

The Bank shall make the placement of the securities mentioned in a period not exceeding fifteen working days, counted from the date on which the prescribed limit is exceeded, the excess liquidating credit product. Corresponding placement. Exceptionally, the Board of Governors of the Bank may extend this period one or more times by a 'set term not exceeding three months, if it is desirable to avoid disruptions in the financial market.

ARTICLE 13 -. Where laws provide that the Bank of Mexico should make contributions to international financial institutions, the Federal Government, except 'so quickly noted, provide promptly to the Bank of the respective resources. The payment of contributions to the International Monetary Fund, shall be made with funds from the Bank of Mexico.

ARTICLE 14 -. Operations that the Bank of Mexico made with credit institutions general provisions issued by the Bank itself will be made by auction or conformity.

The funding that the Central Bank granted to credit institutions, either by lending or through the purchase of securities may only be designed to monetary policy.

ARTICLE 15 -.. What provisions of articles 80, second paragraph and 14 shall not apply to the Central Bank financing institutions grant credit to avoid disruption in payment systems, or operations that the Bank made as lender of last resort.

ARTICLE 16 -. Financings the Bank of Mexico granted to credit institutions are secured by cash deposits and securities that these institutions have.

in. Sanco own. To overcome the above

financings, the 'Bank shall be entitled to charge the amount to the accounts in which such cash deposits are recorded.

ARTICLE 17 -. Monetary regulation bonds issued by the Bank of Mexico, will be.

credit securities in registered or bearer form and will have the other features. Bank fixed,

I must remain deposited

management at the Bank, when it so determines.

CHAPTER IV

International Reserves and

Exchange Regime

ARTICLE 18 -. The Banco de Mexico will have an international reserve asset, which will aim to contribute to the stability of the purchasing power of the national currency by compensating for imbalances between revenues and expenditures of foreign exchange..

. ARTICLE 19 - The reservation referred to in Article • 'immediately preceding shall consist of:

I. The foreign exchange and gold owned by the Central Bank, that are free of all liens and whose availability is not subject to 'restriction;

II. The difference between the share of Mexico

the International Monetary Fund and the balance of

- liability by the Bank for the above purpose, when the balance is less than the above participation and

III. Foreign currency borrowings from exchange regulation purposes, for 'the persons mentioned in section VI of the 3rd item.

To determine the amount of the reserve, 'no. considered outstanding foreign exchange trading operations receive the national money and liabilities of the institution shall be reduced foreign exchange and gold, except that they are to run. more than six months. and those for the financing referred to in section III of this article.

ARTICLE. . 20 - For the purposes of this Act, the term comprises currency banknotes and coins

metallic foreign bank deposits, debt securities and all kinds of credit documents on foreign currency denominated

- foreign as well as in general. international means of payment. Currencies likely to form part of the

reserves are only: I. The

foreign banknotes and coins;

Deposits; bonds, securities and other obligations payable out of the country, considered prime markets

international currency denominated

. 'Foreign and over: governments in countries other than Mexico, International financial organizations or foreign entities, provided, that becomes due, a period not exceeding six months

liquidity or wide;

III. Credits by central banks, due within no more than six months, whom he is familiar, and

IV. Special Drawing Rights of the International Monetary Fund.

ARTICLE 21 -. Banco de Mexico should act in exchange matters in accordance 'with guidelines to determine an Exchange Commission, which shall consist of the Secretary and the Secretary of Finance and Public Credit, another secretary of the Unit designated by the Holder of this, the Governor of the Bank and two members of the Board governs itself appoints the Governor. The members of the Commission shall not have alternates.

The sessions of the Commission shall be chaired by the Secretary of Finance, in his absence, by the Governor; in the absence of both the secretary appointed by the Head of the Secretariat said. Who presides. The meeting will have a casting vote in house draw.

The Commission may meet at any time

request of the Secretary of 'Finance, the Governor or his sessions should be held with the assistance of at least three of its members, provided that both Secretariat and the Bank' of Mexico are represented. Resolutions. Commission shall be taken by majority vote, being necessary in any case the vote of 'at least one representative of the Secretariat said.

The Governor shall report to the Board of Governors resolutions sobredichas.

The secretary of the Board of 'Government and his deputy will be also given Exchange Commission.

ARTICLE 22 - The Commission shall be empowered to.:

I authorize the obtaining of credit referred to in section IX of the 7th article.;

II. Set criteria to be subject to the Bank in the exercise of the powers provided for in Articles 32, 34 and 35 and Article 33 in respect of the development banks, and

III. Provide guidelines regarding the management and valuation of the reserve referred to in Article 18.

ARTICLE '23: - The Bank of Mexico, to fulfill its primary objective, may offset the increase in currency circulation

or its obligations to the resulting view, foreign exchange purchases made according to the guidelines to which Article 21, by placing and, if appropriate, issue of securities by the Federal Government refers in terms of the provisions in the second paragraph of section IV of article 12. This placement on behalf of that Government may be made only if the amount. of securities by the Federal Government with the Bank in its assets count is equal to or less than the amount of the deposits referred to in item 1, Article 90., and the Bank does not have other broad market values. By placing performed, the Bank of Mexico will pay it to the product charge a deposit without interest in favor of the Government. Funds deposited will be delivered to the Government at the time and amount. equivalent. net transfers of currency that the Bank

and make themselves determined decrease in circulating currency or the amount of the obligations in the light of this.

CHAPTER V

Expedition Rules and Sanctions

ARTICLE. 24 -. Banco de Mexico may issue regulations only when their purpose or monetary exchange regulation, the development of the financial system, the proper functioning of the payment system or the protection of the public interest. When issuing its provisions the Bank shall state the reasons therefor.

Those measures must be of general application and may refer to one or several types of intermediaries, certain transactions or certain areas or plazas.

The penalties that the bank imposes under the provisions of Articles 27, 29 and 33 should aim at preserving the effectiveness of the rules of public order established by this Act and, thus, provide the purposes mentioned in first paragraph of this provision.

ARTICLE 25 -. Banco de Mexico will determine the conditions under which credit institutions must redeem and withdraw the notes and coins in circulation.

ARTICLE 26 -. Features of active, passive and service operations performed by credit institutions, as (like credit, loan or repo market intermediaries to celebrate, shall comply with the provisions issued by the Central Bank.

The provisions of this Article shall also apply to trusts, or mandates.commissions, market intermediaries and institutions of insurance and bonding.

ARTICLE 27 -. Give Mexico the Bank may impose fines on brokers for the active, passive or service operations that perform in contravention of this Act or the

- provisions which it issued, up to an amount equivalent to that resulting from applying, to the amount of the transaction in question and the period in which it is in force, an annual rate of up to one hundred percent of the average percentage cost of funds the Bank deems representative of all credit institutions for the month or months of the effective and published in the Official Gazette.

The Bank shall determine the penalties to be. referred to above, taking into account:

. 1 The amounts of the profits arising from such intermediaries for the transactions in violation of those provisions;

II. The risks incurred by intermediaries • the holding of such operations, and

III. If the offender is a recidivist.

ARTICLE 28. Banco de Mexico is entitled to determine the amount of the liabilities of credit institutions, which must be invested in cash deposits in their own

Bank, with or without cause interest in the securities of large market or both types of investments.

The provisions of the preceding paragraph shall also apply to trusts, mandates or commissions, except those made by the Federal Government, by which trust companies capture public resources or, receive funds for lending or investment in values.

Mandatory investments referred to in the first and second paragraphs of this Article shall not exceed, respectively, of twenty., And fifty percent of liabilities or appropriated funds.

The Bank may also determine that up to one hundred percent of the amount of funds raised by credit institutions with specific purposes or under special arrangements provided for in law keeps invested in certain lines of consistent asset for such purposes or regimes .

ARTICLE 29 -. Banco de Mexico may impose fines on financial intermediaries incur missing regarding the investments to be maintained pursuant to the provisions of Article 28 The amount of such penalty shall not exceed the amount obtained by.. applied, the amount of missing referrals, an annual rate of up to. hundred percent of the average percentage cost share acquisition the Bank deems representative of all credit institutions for the respective month, and published in the Official Journal of the Federation.

The Bank shall determine the penalties which the preceding paragraph refers, taking into account the causes

they originate cited missing and

particularly if they are due to abnormal withdrawals, critical situations intermediaries, errors or omissions or administrative nature which, in the opinion of the Bank, has not mediated in bad faith.

Article 30 - The Bank representatives on governing boards of supervisory committees of the financial system.; shall be entitled to suspend for up to five working days the implementation of the resolutions of such fees that may affect monetary policy. Within that period, the. Bank shall communicate their views to the board of respective government for settlement final.

The decisions of the competent authorities on the purchase of securities by the Federal Government or the Bank of Mexico, investment companies, shall be subject to approval by the Central Bank, prior to its execution.

ARTICLE 31 -. The Central Bank may regulate money transfer service through credit institutions and other companies that provide professional manner.

ARTICLE 32 -. Lending institutions, stock brokers, bureaux de change, as (like other intermediaries when they are part of financial groups or subsidiaries of the institutions or intermediaries referred to in the first

term, adjust their currency trading, gold and silver to the provisions issued by the. Banco de Mexico. This, on equal terms, take precedence over anyone else in trading and other operations that are customary in the respective markets.

Said intermediaries shall be required, provided that the Bank so provides, to make deposits of money in sight for this and charged with first-order entities abroad, denominated in foreign currency in which the Bank usually makes his speech in the market share changes, the amount by which the assets of those foreign exchange, gold and silver, exceeding its obligations in these effects. The Bank shall pay to the intermediaries in national currency of such deposits, calculated at the exchange rate published by the Bank in the Official Journal. Federation on the date. issued. the respective agreement. The different of that currency as well as gold and silver will be valued in terms of the provisions issued by the Bank, which may not require paragraphs terms of market conditions in the

same date.

- The Bank taking into account the seriousness of the case, may order financial intermediaries who violate the provisions of this Article, up to six months suspension of some or all of its operations with foreign currencies, gold or silver.

ARTICLE 33 -. Banco de Mexico may limit the amount of lending and borrowing transactions involving risks change intermediaries referred to in Article 32.

- The Bank may impose fines on financial intermediaries who violate the provisions issued as stated in. Above, up to one. mounted equal to five percent of the capital paid-in capital of the intermediary concerned.

The Bank shall determine the penalties which the preceding paragraph refers, taking into account the provisions

Fractions 27 to Article III.

ARTICLE. 34 -. Agencies and entities of the Federal Public Administration do not have the character of financial intermediaries must hold its currency and perform operations with them, subject to the rules, guidelines and policies the Bank. of Mexico established. In effect, provide the Bank with the information requested by him in respect of its operations with foreign currency and be forced to dispose of their currencies to the Bank under the terms of the provisions that it issued, the friends may not establish terms paragraphs of Market Conditions .

ARTICLE 35, The Bank. of Mexico issued depositions under which the exchange rate or to be calcularse equivalence of the national currency to settle payment obligations in foreign currency is determined, 'Contracted within or outside the Republic to be fulfilled in this. Also may determine the applicable exchange. by operations. to acquire foreign exchange

delivered against domestic currency, provided both or any of these, performance is met in the country.

ARTICLE 38 -. Financial intermediaries shall furnish to the Bank of Mexico the information it requires them on their operations even for any or some of them individually, the information needed to assess their financial situation and, in general, it that is useful to the Bank to provide you the proper performance of their duties. •

The supervisory committee of the financial system, at the request of the Bank of Mexico, made visits to intermediaries that. will aim to review, monitor and evaluate the information in accordance with the preceding paragraph have been submitted. During these visits, staff may participate Bank.

ARTICLE 37 -. Banco de Mexico may suspend some or all of its operations with financial intermediaries who violate this Act or the provisions emanating from it.

CHAPTER VI

Government and Oversight

ARTICLE 38 -. Exercising the functions and administration of the Bank of Mexico will be commissioned in the scope of their respective powers, at a meeting of government and a governor.

- The Governing Board shall consist of five members, appointed as provided in the seventh paragraph of Article 28 of the Constitution. Of these, the Federal Executive shall appoint the Governor of the Bank, who shall chair the Governing Board; other members will be named Deputy Governors.

. ARTICLE 39 - The appointment of a member of the Governing Board shall be made by person who meets the following requirements:

I. be a Mexican citizen and no more than sixty-five years old on the date of commencement of the period during which he will hold office;

II, Enjoying recognized competence in monetary matters and having held, for at least five years senior positions in the Mexican financial system or instrumentalities, agencies or institutions exercising authority in financial matters

For the designation of two of the five members is not necessary to satisfy the requirements of the preceding paragraph but in any case, must be distinguished in economic, financial or legal matter professionals. Neither of these members may be appointed Governor before completing three years in office, and

Not have been convicted of intentional crimes; prevented from exercising the trade or to engage in employment or commission, public service or the Mexican financial system; or removed before the office of Member of the Governing Board, except that the latter resulted from any physical disability and overcome.

ARTICLE 40 -. 's Governorship lasted six years and the Deputy Governor shall be eight years • The Governor period will begin on the first of January of the fourth calendar year of the corresponding period the President of the Republic. The terms of the Deputy Governors shall be staggered, succeeding every two years and beginning on January the first, third and fifth years of the period of the Federal Executive. Individuals holding these positions may be appointed as members of the Governing Board more than once.

ARTICLE 41 -. The vacancy in the post of Deputy Governor shall be filled by a new member appointed to serve on the Board of Governors. In case of vacancy in the office of Governor, the Federal Executive may appoint to fill such office to Deputy Governor in office, or, appoint a new member of the Board of Governors and as it integrated, appoint from among its five members to the Governor. While the appointment of Governor becomes the most senior deputy governor in charge will be Acting Governor of the Bank and shall chair the Governing Board. In case of two or more who have equal seniority with Deputy Governors, the Board of Governors shall elect among themselves the Acting Governor.

Members to cover vacancies. Occur before the end of the respective period, shall hold office only for the time remaining to play substituted. If at the end of the period covered by the Governor, a Deputy Governor appointing acting to hold such office, the said appointment shall be for six years regardless of the 'time which has been Deputy Governor.

ARTICLE 42 -. Governor and Deputy Governors shall refrain. to engage with the Bank's in partisan political events.

. ARTICLE 43 - Grounds for removal of a member of the Governing Board:

I. Mental disability and physical disability preventing the proper performance of their duties for more than six months;

II. The performance of any employment, position or commission, other than those referred to in the seventh paragraph of Article 28 of the Constitution dei;

III. Stop being a Mexican citizen or meet any of the requirements outlined in the fraction III

Article 39;

IV. Not fulfill the agreements of the Board or deliberate act or default in excess of its powers;

V. Use at own or that of third parties, confidential information available by virtue of his office, as (and disclose such information without the authorization of the Board of Governors;

VI. Knowingly submit to the consideration of the Governing Board, false information, and

VII. Absent from work without authorization from the Board or without just cause or force majeure cause. The Board of

Government may not authorize absence for more than six months.

The Governor also may be removed for not complying with agreements fa Exchange Commission.

ARTICLE 44 -. Compete to Governing Board rule on the existence of
removal causes specified in Article

immediately preceding, and must do so at the request of the President of the Republic of at least two
of its members. The opinion shall be made according to resolution of the majority of the members of the
'Board of Governors, after granting the right to a hearing to the affected part and without his vote.

The opinion, with documentation to support it, including written arguments,
where appropriate, the affected has submitted, will be

sent to the Federal Executive. The latter shall forward it, together with the aforementioned
documentation

- reasoning and its appropriateness or inappropriateness of removal, the Senate or, if applicable, to the Standing Committee for final decision.

ARTICLE 45 -. Governor or at least two of the Deputy Governors may convene
meeting of the Governing Board, whose sessions

. Should take place with the assistance of at least three members. If 'does not attend the
Governor, the session will be chaired by one
appoint one or, alternatively, by the

Deputy Governor according to the appropriate procedure in the first paragraph of Article 41.

Resolutions require for their validity the affirmative vote of a majority of those present,

except in the case provided 'the first paragraph of Article 44. Whoever chairing the meeting shall have a casting vote in case of tie.

The Secretary and the Secretary of Finance, may attend with voice but without

vote at meetings of the Governing Board .1 for which will be previously called, giving

know the order of the corresponding day. Such officers may convene meeting of the Governing Board and propose issues to be addressed in it.

The. Board may decide to be assisted by members of the Institution to its meetings

- to directly yield the information requested by him.

Those who attend the meetings shall maintain confidentiality regarding the matters

try them, unless authorized by fa Governing Board to make any communication.

. ARTICLE 46 - The Board of Governors shall have the following powers:

I. Determine the characteristics of the airplane, subject to the provisions of article 5., And propose to (a Ministry of Finance and Public Credit, metal compositions according to the • coins (or provisions of the Monetary Law United Mexican States;

Fas orders authorize coinage and banknote production;

III. Deciding on the demonetization of notes and procedures for disabling and destruction of currency;

IV. To decide on the extension of credit from the Bank to the Federal Government;

V. Establish policies and criteria pursuant to which the Bank to conduct its operations, can determine their characteristics and those of their importance in each case be subject to prior approval;

VI. Authorize the issuance of bonds for monetary regulation and fix their characteristics;

VII. Determine the characteristics of the securities by the Federal Government issued by the Bank pursuant to the second paragraph, section IV, Article 12, as well as the conditions under which such securities and other securities mentioned in this paragraph are placed;

VIII. Establish policies and criteria according to which the rules laid down in Chapter V issued without prejudice to the powers that correspond to the Exchange Commission pursuant

Article 22;

IX. Approve the statements and reports of the Bank and members of the Governing Board on policies and activities of the person;

X. Approve the financial statements for each financial year and the consolidated monthly account statements;

XI. Issue general rules and criteria which shall subject the development and implementation of the current budget expenditures and physical investment of the Bank and approve the budget and the corresponding changes effect you during exercise. The Board, Government should do the above in

accordance with the view that the evolution of that budget to keep consistency of the Expenditure Budget of the Federation;

XII. Issue, subject to the criteria; generally referred to in Article 134 of the Constitution, the rules according to which the Bank may be necessary for the acquisition of movable and enajenaciones' leases of all types of goods, the performance of real estate projects, as well as services of any kind;

XIII. Decide on the acquisition and disposal of shares or by the Bank of companies providing services;

XIV. Authorize the acquisition and disposition of properties;

XV. Deciding on the constitution of reserves referred to in Article 53;

XVI. Approve the internal regulations of the Bank which shall be published in the Official Gazette;

XVII. Approve the General Working Conditions to be observed in the relations between the Bank and its staff, as well as salary tabs in the concept that the salaries of officers and employees of the Bank shall not exceed those paid to Members of Governing Board, except in cases where the conditions given

labor market in some specialty, requiring higher pay;

XVIII. Appoint and remove the Secretary of the Governing Board and a deputy, who shall be officials of the Bank;

XIX. Appoint and remove officers who are the first three hierarchical levels of staff of the institution;

XX. Approve policies to cancel in whole or in part, by a third party debts and for the Bank, wherever Practice notorious inability of receipt, or whatever it economically inconvenient for the institution, and

XXI. Resolve other matters submitted to the Governor for consideration.

. ARTICLE 47 - It shall be the Governor of the Bank of Mexico:

I. Be in charge of the Bank's management, legal representation thereof and the performance of their duties, without prejudice to the powers that this Act confers on the Board of Governors;

II. Implement the resolutions of the Board of Government and Exchange Commission;

III. Submit for consideration and, if appropriate, approval of the Governing Board of the Bank statements and reports set forth in paragraph 46 of Article IX, as well as the documents that relate fractions X; XI, XII, XVI and XVII of the referred article 46;

IV. Acting in the capacity of agent and delegate trustee;

V. Being the link between the Bank and the Federal Government;

VI. Being the spokesman of the Bank, may delegate this authority to the Deputy Governors;

VII. Establish regional councils;

VIII. Agree-the establishment, change and closing of branches;

IX. Designate the Deputy Governors to be hold positions or commissions on behalf of the Bank;

X. appoint and remove the board and trustees delegates;

XI. Appoint and remove personnel of the Bank, except the fraction referred to in Article XIX 46 and

XII. Fix, as tabulators approved by the Board of Governors, staff salaries and approve the programs to be implemented for training and instruction.

ARTICLE 48 -. The regional councils provided in Section VII of Article 47 will only query functions, as well as collection and dissemination of general information on economic and particularly financial.

ARTICLE. 49 -. Remuneration of 'Governor of the Bank as well as the Deputy Governors, shall be determined by a committee composed of the President of the National Banking Commission and two persons appointed by the Secretary of Finance Committee, whose appointment does not cause conflict interest and are recognized experience in the labor market in which the institutions involved

public and private credit, and regulators thereof,

He committee will meet at least once a year and take its decisions by majority vote of its members, who shall not have alternates. In reaching its decisions, the committee should consider the existing pay in the bank and wage developments eh the country's financial system, with the guiding principle that, given the labor market conditions of that, the Board of Governors with suitable members count and the Bank to recruit and retain suitably qualified staff.

ARTICLE 50 -. Secretary of Finance will request a school or college of broadly representative of professional accountants, we propose a slate of renowned firms, including appoint the external auditors of the Bank with the approval of the Commission Surveillance Auditor General of Finance and hire their services on behalf of the Bank. The engagement of the external auditor may not be made for periods of five years.

The auditor shall have the broadest powers to examine and determine the Bank's financial statements and to review the accounting records and other documents relating to it, and must submit to the Federal Executive and the Congress copy of the advice to submit to the Board Government, and a report on the current year budget expenditures and physical investment,

CHAPTER VII

General Provisions

. ARTICLE 51 - The Bank shall send to the President and the Congress of the Union, and in the recesses of the latter, to its Standing Committee, the following: 1

. In January of each year, a statement of the monetary policy to be followed by the institution in the respective financial year and a report on the current expenditure budget and physical investment of the institution for that year;

II. In September of each year a report on the implementation of monetary policy during the first half of the year in question, and

III. In April of each year a report on the implementation of monetary policy in the second half of the year previous, and in general, the Bank's activities in the whole of that year, in the context of national and international economic situation .

ARTICLE 52 -. Either Houses of Congress may summon the Governor of the Bank to render reports on the policies and activities of the institution.

ARTICLE 53 -. Bank of Mexico shall, whenever possible, preserve the real value of the sum of their capital plus its reserves and increase this value with the increase in gross domestic product 'in real terms. The Bank of Mexico can only build up reserves in addition to the requirement of this article, those arising from the revaluation of assets or. asl remember what the Ministry of Finance and Public Credit.

ARTICLE 54 -. The Bank's financial year starts on January and end on the thirty

and December 1 of each year, the institution shall be obliged to publish the balance sheet at year end,- and a consolidated statement of the last day of each month.

ARTICLE 55 -. The Bank is a non-profit institution and shall deliver to the Government

Federal the full amount remaining

operation once the reserves constituted under this Act, provided this does not involve

reducing reserves from the revaluation of assets. Such delivery shall be made no later than April of the next immediate period to which the remnant.

ARTICLE 56 -. Banknotes and coins that the Bank of Mexico put in

circulation shall be recorded as

liabilities on the balance sheet of the institution to its nominal value. While these pieces are not put in

outstanding included in the assets of the Bank to its

cost of construction or acquisition value, as appropriate, the amounts should be adjusted

respective 'cost as it evolves

replace the parts concerned. Being put into circulation for the first time will be given in low

active against income. The Bank recorded in its assets credited to income, the amount obtainable from the sale of the metal of the coins withdrawn from circulation.

The coins mentioned in subsection c) of the 2nd article. Law 'Monetary States

Mexican States are not intended to serve as a general means of payment, and of article 2 bis of this Act shall be accounted for in the terms agreed by the Governing Board.

. ARTICLE 57 - The transactions referred to in section 46 of Article XII shall be carried out through public tenders, except in the following cases:

I. In the case of purchases of food and other perishable goods;

U. In the absence of at least three qualified suppliers or bidders;

III. When finished give advance by a contract or terminated;

IV. When the amount of the contract does not exceed the amount equivalent to:

a) Sixty times the minimum daily wage in Mexico City a year high in the case of acquisitions, leasing and provision of services related to movable property;

b) Ninety times the minimum daily wage in Mexico City raised to 'year, in the case of real estate projects, and'

c) Ten times the minimum daily wage in Mexico City a year high, according appraisal done by legally qualified person for this, when I know 'case of alienation of movable property;

V. In the case of acts of God or force majeure;

VI. Where there are jobs or services

conservation, maintenance, restoration,

repair and demolition where it is not possible to define its scope, set the catalog

concepts and quantities of labor, determine the specifications or process implementation program;

VII. In the case of acquisition or disposal of real estate, and services related to real work;

VIII. If there are circumstances that may cause serious disorders, loss or extra cost to the Bank;

IX. After making two tenders without it were possible awarding the contract or

X. In the case of procurement of inputs required by the Bank for the manufacture of airplane or purchase for coin.

ARTICLE 58 -. The Bank of Mexico, Member of the Board of Governors and officers and employees of the institution, the provisions on banking secrecy and the trustee under law will be applicable.

. ARTICLE 59 - Son trusted employees of the Bank of Mexico:

I. The staff occupying Deputy puestos.de

or higher, workers equivalent to the previous range and seconded employees personally and directly to the Governing Board and members los this way; advisors and secretarial staff of the aforementioned officials; division chiefs and office; security personnel; pilots, co-pilots and flight engineers;technical personnel assigned to, areas of change, metals, Walloons and IT investments;contraseñadores operators and telecommunications which are transmitted writings, as well as technical staff handling confidential information, and

11. The forth in the Regulatory Law of fraction XIII BIS paragraph B of Article 123 of the Political Constitution of the Mexican United States, which are not included in the previous section.

The Governor and Deputy Governors of the Bank will not be part of the staff of the institution.

ARTICLE 60 -. Personnel occupying positions or assistant manager.superior and workers equivalent to the above range may not have a job, position or commission in the Federal Civil Service, except for those in acting on behalf of the Bank

or educational, scientific, cultural or charitable associations.

. ARTICLE 61 - The Federal Law of Responsibilities of Public Servants, shall apply to the members of the Governing Board and staff of the Bank, subject to the following:

I. The application of that law ye (providing strict enforcement thereof, except with regard to impeachment shall be subject to which the members of the Governing Board, a competerán Accountability Commission composed of the member of the Governing Board and so designated by the holders of legal areas and comptroller, the Bank.

Case of infringements. poi committed members of the Board or by

officials holding posts included

the three highest levels of staff, the Governing Board will determine who the

and impose liability in the appropriate sanction, for which purpose the Accountability Commission shall submit the relevant file and II

. Persons subject to file statements of financial condition, will be members of the

Governing Board and those who occupy the

institution deputy positions or higher, as (

as those that by their nature

functions are indicated in the Rules of Procedure.

This statement shall be filed with fa

Bank comptroller, who will keep track and

monitoring the evolution of that balance sheet, informing the Accountability Commission or the Board of Governors, as appropriate, the comments, if any, resulting from such monitoring.

Against the decision, referred to this article shall not through any defense before the Tax Court of the Federation.

. ARTICLE 62 - The Bank of Mexico may:

1., In coordination with other competent authorities, develop, compile and publish

economic and financial statistics as well as operate them based information systems and collect the necessary data for such purposes;

II. Carry out, directly or through third parties, the marketing of coins

memorial, as well as notes and coins, which have special packaging or finished;

fi. Use the resources available in the manufacture of goods for others and providing them with services, provided that this does not affect the proper performance of their duties, and

IV. Purchase or lease personal property and contract and real estate services, necessary or appropriate work for proper operation and functioning and alienate those movable property cease to be useful for such purposes.

. ARTICLE 63 - It is forbidden to Banco de Mexico:

I. Granting of guarantees;

II. Acquire or lease property no. needed for the performance of their duties. The prizewinner

necessary that the Bank receives or is awarded

property or real rights in payment of their claims, and when they cease to be interested

necessary those of which they own, will be required to perform them within a maximum period of three years and

III. Acquire securities representing the capital of companies, except in the case of companies that provide services necessary or convenient to

performing their duties.

Prohibitions and limitations set forth in this Act shall not apply to the Bank, acting in compliance with its obligations related to employment or those acquired with the members of the Board of Governors as consideration for

these services to provide it in such cases can perform operations and establish necessary or appropriate to such compliance reservations.

ARTICLE 64 -. Against decisions under Articles 27, 29 and 33, the appeal for reconsideration, which must be filed with the administrative unit determined in the Rules of Procedure of the Bank, within 'fifteen working days the date of notification of such decisions.

The appeal shall be to revoke, modify or confirm the claimed resolution. In the brief filing must state the name and address of the applicant, the contested decision and grievances that are enforced, accompanying the evidence deemed necessary, as well as the evidence that proves the personality of the petitioner.

A notification, processing and resolution of the appeal, they will apply supplementary provisions contained in Articles 130, 132, 134, 135, 136, third paragraph, 137, 139 and 140 of the Tax Code 'Federation and regulations applicable to these precepts.

ARTICLE 65 -. The motion for reconsideration shall be resolved within a maximum period of twenty working days from "the date of its submission, otherwise, be deemed confirmed the contested measure. The resource exhaustion is mandatory before going to the track for defense.

When the above point not written grievances or act in question, will be rejected as inadmissible. If the tests were omitted, shall be deemed not offered.

The decision on the appeal shall contain the fixing of the contested act, the legal grounds on which it rests and dots of resolution.

Against the decision referred to in this Article shall not proceed through any defense before the Tax Court of the Federation.

ARTICLE 66 - The rulings provided for in the first paragraph of Article 64 will be implemented:

I. When no motion for reconsideration is brought within the period prescribed in Article 64; II

. If the affected party does not establish, within the following that twenty working days. They notified the corresponding resolution, which has submitted request for defense against such resolution;

III. If the injunction in the suspension of the act is denied, or

IV. Had 'suspension granted the injunction until final judgment is made against the complainant.

ARTICLE 6T -. Administrative enforcement proceedings for the recovery of fines which have not been duly covered the Bank of Mexico, apliteará by the Secretary of Finance or by the Bank through the administrative unit to bring their Procedure.

The unit mentioned in the preceding paragraph, apply the rules in the Tax Code

Federation for administrative enforcement proceedings. In the said Rules of Procedure 'offices to be hear and determine proceedings under the said Code relating to the procedure indicated.

If the central bank has to take you infringer need not apply the administrative enforcement proceeding, the fine may be enforced Loading amount to that account.

ARTICLE 68 -. The Law on Credit Institutions, corporate law, banking and commercial usage los and the Civil Code for the Federal District on Ordinary Matters and for the Republic in Federal Matters shall apply to the Bank's operations, supplementary 'to this Act and in the order they are listed.

TRANSIENT

FIRST yigor This will enter the 1st

April 1994, with the exception of the second paragraph of Article and e is the tenth Terceño articles and transient fercero which inciaran his clairvoyance

burned next for the Digital Edition of Law in

- Federation.

The appointment of the first members of the Governing Board shall be made on the terms provided in this Act, prior to March 31, 1994.

SECOND. The period of the first Governor. 'Bank expire 31

December 1997. early periods

Deputy Governors expire on December 31, 1994, 1996, 1998 and 2000,

respectively, the Federal Government must point out which of the periods correspond to each Deputy Governor said.

THIRD -. Remuneration Governor and Deputy Governors to be

referred to in the immediately preceding article,

for the first financial year of the Bank shall be determined in accordance with

Article 49 of this Law, prior to the appointment of the first members of the Governing Board is made.

FOURTH -. 's Instructions to the Treasurer of the Federation Bank in terms of Section 1 of Article 12 shall not be made with the advance referred to in Section I of the article itself, for a period of three years from the entry into force of this Law. During the same period, the Treasurer of the Federation will continue to wage checks and other documents referred to in Section III of the said article.

FIFTH -. The Bank of Mexico, decentralized federal government agency, becomes the new entity under public law referred to in this Act and retains ownership of all assets, rights and obligations of members of a heritage.. first.

SIXTH -. The Rules of Procedure of the Bank of Mexico shall be issued within a period not exceeding six months, beginning on the day on which it is legally convened Board

Government. Even as that regulation continues in force he published in the Official Journal of the Federation on July 4, 1985, and the remedy provided for in Article 64 shall be submitted to the Legal Department of the Bank of Mexico issued.

When the current regulation or other legal instrument reference is made to the Director General of the Bank, shall mean that the Bank Governor ep the scope of the powers conferred by this Act

SEVENTH -. Powers, mandates, appointment of trustees delegates and general representations and granted the powers granted by the Bank of Mexico with 'before the entry. into force of this Act. shall subsist in its terms as' are not expressly modified or revoked.

EIGHTH -. 's Metal coins in circulation today and will be part of the "liability on the balance sheet of the institution to apply the system provided for in Article 56.

The federal government funds deposited in the Bank of Mexico derived from the difference between the face value of the coins delivered by the Mint to the Bank until the day immediately before the coming into force of this Act and the costs that incurred in their production, they will be in favor of the latter.

NINTH -. Banco de Mexico may put into service at any time,. notes dated previous issue of the entry into. force of this Act

- TENTH -. The Bank may continue

in his post as trustee for the trusts that currently handles, which are not under the 7th article. Section XI, and may receive from such trusts bank deposits

- money

Case of public trusts of economic development, the Bank will continue to play only the above mentioned office for a maximum period of two years. The Federal Government through, give the Ministry of Finance in its capacity as sole trustee of the public Centralized Management, agree with the institution. Credit to determine the effect, leading to acts. substitution of trustee on the trusts mentioned. The loans that the Bank of Mexico have granted prior to the date of entry into force of this Act to the trusts mentioned in the immediately preceding paragraph may be held until maturity and even renewed once or more for a set period of not more twenty years.

In case of trusts other than those specified in the second paragraph of this Article, the Bank shall be entitled to waive the fiduciary entrustment when it deems appropriate. In these cases the substitute trustee shall be appointed by the people who are mentioned below, in the order they are mentioned: the power to do so in accordance with the legal act governing the trust; o settlors; the trustees or individualized, or in the absence of the above, the Bank of Mexico. While the Bank continues to be fiduciary in these trusts may

grant funding with character

extraordinary to avoid possible

de.sus breaches obligations.

ELEVENTH -. Meanwhile the Bank of Mexico issued the provisions referred to in this Act, continue to apply issued before its term, in the corresponding materials. The administrative measures taken on the basis of provisions repealed by this Act, continue in force until they are repealed or amended by the competent authorities.

TWELFTH -. Financial intermediaries who have done business with before the entry into force of the present Act, in contravention of the provisions that it be repealed, the provisions in force at the time that they have 'made applicable to them such operations.

THIRTEEN -. The last financial year of the Bank of Mexico, agency

decentralized federal government,

begin it. January 1994 and ending on March 31, 1994. During that period, the institution will not be subject to the provisions of the 7th article. Organic Law of the Bank of Mexico.

The first financial year of the Bank of Mexico governing this Act will commence on 10. April 1994 and ending on December 31, 1994.

The operating surplus of the Bank of Mexico. Corresponding to the period to which the first paragraph of this Article, shall be submitted to the Federal Government no later than April 1995.

FOURTEEN -. Banco de Mexico sent to the Executive. Federal and Congress of the Union or, where appropriate, to its Standing Committee, the documents referred to in Section I of Article 51 corresponding to the first year of the institution within the month immediately following that in which enter force of this Act, and a report on the evolution of domestic financing of the Bank of Mexico and 'behavioral account of the Federal Treasury to the Bank itself takes you to the Federal Government during the months' of. January to March 1994.

Regarding the first year of the institution, the Bank is not obliged to deliver the report referred to in Section II of Article 51.

FIFTEEN -. Starting from the entry into force of this Act and until such time as the total real value of capital and reserves of the institution exceeds twenty percent of the total

OFFICIAL Thursday December 23, 1993

banknotes and coins in circulation plus the obligations of the institution on behalf of financial institutions and the Federal Government, except the deposits referred to in Section I of Article 9 a., this total value will not be increased as the growth of domestic product gross in the terms of Article 53. During such period, the Federal Government and the Bank may agree to that reductions actual total, provided they do not involve reducing that value to an amount not less than the percentage stated nor have as therefore monetary expansion.

SIXTEEN -. Deposits referred to in Article 132 of the Law on General Instruments and Credit Transactions shall constitute Nacional Financiera, SNC Those received by the Bank of Mexico prior to the commencement of this Act shall be preserved and delivered by them in accordance with the applicable provisions.

SEVENTEEN - When laws, regulations, decrees and other legal systems make mention of the Organic Law of the Bank of Mexico.,. or this' Finally, the reference shall be construed to pres.ente Institution Act and this regulation, respectively.

EIGHTEEN -. Organic Law of the Bank of Mexico 21 diciembre 1984 is repealed Articles 31 paragraph IV of the Organic Law of the Federal Public Administration, 13, first and second paragraphs of Moneta Monetary Law of the United Repealed Mexico, 48, second paragraph of the transitional Credit Institutions Act 24 of the Organic Law

Board of the National Savings and other

provisions contrary to this Law will

Annuling regarding the Bank of Mexico as provided in VII fraction of Article 31 of the Organic Law of the Federal Public Administration in the items on the 1st, 8th and 14 of the Act establishing the Guarantee Fund Development Agriculture Livestock and Poultry and the in

Articles and., 21, section IV, the

Mexico City, December 14, 1993, - Dip. Cuauhtémoc López Sánchez, President -. Sen. Eduardo Robledo Rincon, President -. Dip. Sergio Gonzalez Santa Cruz, Secretary -. Sen. Israel Soberanis Nogueta Secretary -. Headings ".

Pursuant to the provisions of Section I of Article 89 of the Constitution of the

United Mexican States, and for its due

publication and observance, I issue this Decree at the residence of the Executive Branch

Federal, in Mexico City, Federal District, on the fifteenth day of December, one thousand and three noventa y tres Carlos Salinas de Gortari -. Heading -. Secretary of the Interior, José Patrocinio González Blanco Garrido -. Rubric

DECREE

IL CONGRESS OF THE UNITED STATES OF AMERICA, ENACTED:

AMEND, REPEAL ADDITIONS AND MISCELLANEOUS PROVISIONS OF LAW TO REGULATE THE FINANCIAL GROUPS, CREDIT INSTITUTIONS ACT, ACT. GENERAL 'ORGANIZATIONS AND ACTIVITIES AUXILIARY CREDIT MARKET LAW. SECURITIES INVESTMENT COMPANIES ACT GENERAL LAW

OF AND COMPANIES

MUTUAL. INSURANCE AND FEDERAL INSTITUTIONS OF BONDS.

FIRST ARTICLE, articles 7 is AMEND, first and second paragraphs.; 18, first, second and third

first paragraph third paragraphs 20, and fractions I V 21, first paragraph; and 31, first paragraph, and. ADDED Article 20 Bis fraction IV to article 23; and. a chapter II, called "From Subsidiaries Foreign Financial Institutions comprising Articles 27-A to 27-Ñ, to Title III, from Articles 15 to 27 to be part of a Chapter I, entitled" Of the. Companies Drivers "of Title III, give the Law to Regulate Financial Groups, to read as follows:

Artículo 70 - The groups referred to this

will be integrated society

controller and some of the following financial institutions:> General maces. deposit, financial arrendadoras., financial factoring companies, exchange houses, 'Bonding companies, institutions: insurance companies object limited financial, brokerage firms, commercial banks and fund management companies for investment .

The financial group may be formed with at least. two different types of the following financial institutions: 'MNS banking institutions, brokerage firms and insurance companies. In those cases where the group. not include 'two of the aforementioned entities must have at least three different types of entities

financial d mentioned in the previous paragraph,

societies are not societies operators

investment.