





Introduction

The Mexican financial system is integrated by more than 3,000 licensed or registered financial entities. Several competent authorities are in charge of its regulation and supervision.

It is indeed one of the most comprehensive and sophisticated financial systems in the world, taking into account its number and diversity of actors, products, services and consumers. Furthermore, its AML/CFT regulation and supervision is in many aspects at the forefront of international standards and global trends.

Through this interactive presentation, which is designed to be consulted by U.S. and other foreign stakeholders as needed, the Mexican Government seeks to provide a broad audience with a better understanding of the country's financial system and its high level of AML/CFT regulation and supervision.

In any case, questions may raise. If so, please feel free to contact the National Banking and Securities Commission (CNBV) at:

amlquestions@cnbv.gob.mx





Mexican Financial System







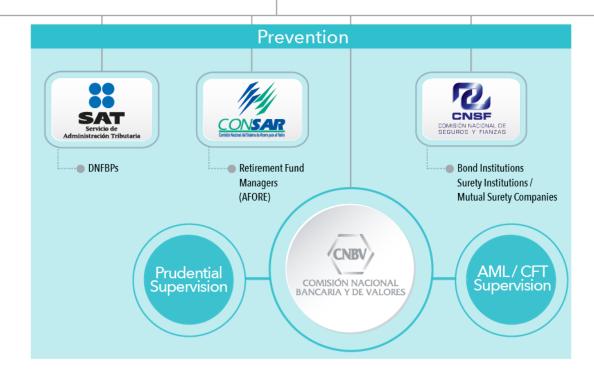
Unidad de Banca de Valores y Ahorro (UBVA)

Unidad de Banca de Desarrollo (UBD)

Unidad de Seguros, Pensiones y Seguridad Social (USPSS)









Comisión Nacional Bancaria y de Valores



CNBV is the National Banking and Securities Commission, an independent agency responsible for:

- Supervising and regulating banks and all other financial entities not covered by CONSAR and CNSF, including on AML/CFT.
- Authorizing intermediaries that wish to enter the financial market.



AML / CFT SUPERVISION







PRUDENTIAL SUPERVISION

- The CNBV supervises and regulates the entities that are part of the Mexican financial system, striving for its stability and proper functioning, as well as maintaining and promoting the sound and balanced development of such a system as a whole, in protection of the interests of the public.
- It also supervises and regulates physical persons and other moral persons when carrying out activities provided for by law and relating to the financial system.





AML / CFT SUPERVISION



Banking

- Multiple
 Purpose
 Banking
 Institutions
- Development banking institutions



Stock

- Brokerage Firms
- Investment Fund Operators (SOFI)
- Investment
 Fund Share
 Distribution
 Companies
 (SDFI)
- Investment Advisors



Popular Sector

- Popular
 Financial
 Companies
 (SOFIPOS)
- Community
 Financial
 Companies
 (SOFICOS)
- Savings and credit corporative societies (SOCAPS)
- Credit Unions



Exchange

- Exchange Houses
- Exchange Centers



Others

- General Warehouse Company
- Money Remitters
- Mutiple
 Purpose
 Financial
 Companies
 SOFOMES
 E.R. and
 SOFOMES
 E.N.R.
- National
 Development
 Financial Entity
 Agricultural,
 Rural, Forest and
 Fisheries.













ENTITIES AML/CFT SUPERVISION	AMOUNT
Commercial Banking Institution	47
Development Banking Institution	6
Brokerage Firms	36
Investment Funds Operators	32
Stock Distributing Investment Funds Societies	24
Investment Advisors	58
People's Finance Corporation	44
Community Finance Corporations	1
Savings and Loan Corporate Societies	15
Credit Unions	90
Exchange Houses	9
Exchange Centers	1,268
General Warehouse Companies	17
Money Remitters	52
Regulated Multiple Purpose Finance Companies	49
Non-Regulated Multiple Purpose Finance Companies	1,526
National Development Financial Entity for Agricultural, Rural, Forest and Fisheries	1
TOTA	3, 275

^{*}Information as of February 8 of 2017 published in the in the Register of Supervised Entities of the CNBV.





Annex 1

Mexican Financial System Institutions



Procuraduría General de la República (PGR)



- The PGR is the country's Attorney General's Office.
- It investigates and prosecutes money laundering and terrorist financing (ML/TF).
- Also, it confiscates assets of illicit origin, which are administrated by the Servicio de Administración y Enajenación de Bienes (SAE), which is the Service of Administration and Sale of Assets, a decentralized public agency of the Federal Public Administration with legal personality and an independent budget.



Unidad de Inteligencia Financiera (UIF)



- UIF is the Financial Intelligence Unit, responsible for:
- Receiving, analyzing and disseminating to competent authorities the information contained in the different types of AML/CFT reports.
- Requesting information, documentation, data and images related to ML/TF from financial entities.
- Drafting AML/CFT regulation.
- Making requests for prosecution to the PGR on AML/CFT cases.
- Notifying financial supervisors of any non-compliance on the reporting obligations of financial entities.





Secretaría de Hacienda y Crédito Público (SHCP)



- SHCP is the Ministry of Finance and Public Credit. □
- It proposes, leads and controls the economic policies of the Government in financial and tax matters, expenses, income and public debt. □
- It is also in charge of regulating, coordinating, evaluating and monitoring the financial system of the country. □
- In addition, through a number of administrative units, it issues AML/CFT regulation; supervises the adequate compliance of financial and non-financial entities with their AML/CFT obligations; and receives, analyzes and disseminates relevant information to competent authorities. □ □



Unidad de Banca, Valores y Ahorro (UBVA)

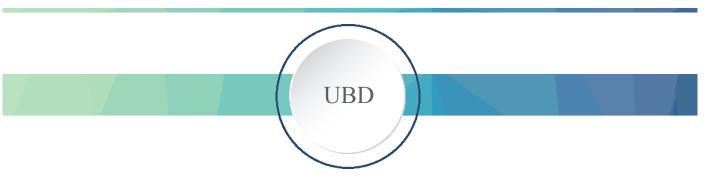


UBVA is the Banking, Securities and Savings Unit, responsible for:

- Developing policies and measures for the promotion, regulation and supervision of financial, banking and credit activities.
- Interpreting the regulation on financial matters, including on AML/CFT.



Unidad de Banca de Desarrollo (UBD)



UBD is the Development Banking Unit, responsible for issuing regulation for development banks, including on AML/CFT.

- List of development banks:
 - o Nacional Financiera (NAFIN), National Financing Entity S.N.C.
 - o Banco Nacional de Comercio Exterior S.N.C. (BANCOMEXT), National Foreign Trade Bank, S.N.C.
 - o Banco Nacional de Obras y Servicios Públicos S.N.C. (BANOBRAS), National Bank for Public works and Services, S.N.C.
 - o Banco del Ahorro Nacional y Servicios Financieros (BANSEFI), Savings and Financial Services Bank, S.N.C.
 - o Sociedad Hipotecaria Federal (SHF), Federal Mortgage Society, S.N.C.
 - o Banco Nacional del Ejército, Fuerza Aérea y Armada, S.N.C (BANJERCITO), National Bank of the Army, Air force and Navy, S.N.C.
 - o Financiera Nacional de Desarrollo Agropecuario, Rural, Forestal y Pesquero (FNDARFP), National Development Financial Entity for Agricultural, Rural, Forest and Fisheries





Unidad de Seguros, Pensiones y Seguridad Social (USPSS)



• USPSS is the Insurance, Pensions and Social Security Unit, responsible for issuing regulation in financial matters, including on AML/CFT.



Banco de México (Banxico)



- It is the Central Bank of the Mexican State.
- By constitutional mandate it is autonomous in its functions and administration.
- Its purpose is to provide the economy of the country with the national currency and to ensure the stability of the purchasing power of this currency.
- To promote the development of the financial system and facilitate the well-functioning of the payment systems.



Comisión Nacional para la Protección y Defensa de los Usuarios de Servicios Financieros (CONDUSEF)



- CONDUSEF is the National Commission for the Protection and Defense of Financial Services Users, the financial ombudsman.
- It is an independent public agency of the Federal Public Administration with legal personality and an independent budget. It is responsible for:
- Promoting transparency and disseminating guidance for users of the financial system.
- Providing users with legal advice for the defense of their rights.
- Issuing resolutions and arbitral decisions, as well as imposing sactions.





Sistema de Administración Tributaria (SAT)



- SAT is the Tax Administration System, an independent agency responsible for:
- Applying fiscal and customs regulation.
- Supervising the adequate compliance of DNFBPs with their AML/CFT obligations



Comisión Nacional del Sistema de Ahorro para el Retiro (CONSAR)



- CONSAR is the National Retirement Savings System Commission, an independent agency in charge of regulating the retirement savings system.
- The retirement savings system encompasses the contributions made by employees and companies, during the working life of employees, on an individual account, called SIEFORE.
- These accounts are used so that the employees, once they have reached the age of retirement, have the sufficient resources to cover for their expenses and as social welfare.
- The CONSAR is also responsible for supervising and regulating the AFORES, which are the companies that administer the SIEFORES.





Comisión Nacional de Seguros y Fianzas (CNSF)



• CNSF is the National Surety and Bonds Commission, an independent agency responsible for supervising and regulating surety and bonds companies.



Instituto para la Protección al Ahorro Bancario (IPAB)



- It is an independent agency of the Federal Public Administration, responsible for:
- Administrating the bank savings protection system (deposit insurance) in benefit of the savers that perform transactions considered as guaranteed obligations (deposits, loans and credit).
- Granting financial support to banks with solvency issues in order for them to have the level of capitalization established by regulation.
- Establishing the mechanisms to liquidate banks in state of bankruptcy.





Annex 2

Financial Entities



Instituciones de Banca Múltiple



Banking

- Authorized by the CNBV.
- They provide bank and credit services in terms of the Credit Institutions Law (LIC).
- Its principal activities are fund raising and credit granting.
- They operate with securities and derivatives on the different financial markets.
- They carry out trust transactions, mandates and commissions and the grant custody services and administration of assets.
- Articles 9, 10 and 46 of the LIC.



Instituciones de Banca de Desarrollo



Banking

- They are agencies of the Federal Public Administration, with legal personality and own patrimony, constituted with the character of national credit societies in terms of their corresponding organic laws and the LIC.
- They carry out the same operations as a Commercial Banking Institution but their purpose is to facilitate the access to credit and the financial services for natural and legal persons and to provide technical assistance and training in terms of their corresponding organic laws in order to boost the economic development.
- Article 30 of the LIC.

National Finance Entity (NAFIN)

National Bank for Public Works and Services (BANOBRAS)

National Foreign Trade Bank (BANCOMEXT)

Federal Mortgage Society (SHF)

National Savings and Financial Services Bank (BANSEFI)

National Bank of the Army, Air force and Navy (BANJERCITO)





Casas de Bolsa



- Authorized by the CNBV.
- They are dedicated to the intermediation of securities which consists in placing suppliers and demanders of securities in contact with each other.
- They also offer and negotiate securities on their own account or on behalf of third parties on the primary or secondary market.
- Articles 114 and 171 of the Securities Market Law (LMV).



Sociedades Operadoras de Fondos de Inversión (SOFI)



- Authorized by the CNBV.
- They carry out functions of investment funds portfolio management, this is, the accountance, they measure risks and acquire or sell assets, object of investment, among others.
- Likewise they may perform activities of investment fund stock distribution, act as fiduciaries and provide services of security portfolio management.
- Articles 33, 34, 39 and 39 Bis of the Investment Funds law (LFI).



Sociedades Distribuidoras de Acciones de Fondos de Inversión (SDFI)



- Authorized by the CNBV.
- They place the securities issued by the Investment Funds among the investing public.
- To transmit orders for the purchase and sale of stock, representative of the social capital of the investment funds, on behalf and by order of third parties.
- To carry out the transactions proper to the foreign markets.
- Articles 33, 34, 40 and 40 Bis of the LFI.



Asesores en Inversión



Stock

- Registration at CNBV.
- To apply for registration they must:
- In case of natural persons, they must:
- Accredit that they count on satisfying honorability and credit history.
- Have the certification of a self-regulatory agency.
- In case of legal persons, they must:
- Be civil societies, anonymous societies or limited liability companies.
- Without being intermediaries of the stock market, they habitually and profesionally provide security portfolio management services, taking investment decisions in the name and on behalf of third parties.
- They also habitually and professionally grant personalized security investment advice, analysis and investment recommendations.
- Article 225 of the LMV.





Sociedades Financieras Populares (SOFIPO)



- Authorized by the CNBV.
- Its purpose is to provide financial services to the sectors and communities that lack them.
- They provide services to partners as well as customers.
- They carry out transactions of fund raising and credit granting.
- Depending on their level they also provide services of safety deposit, financial lease and issuing of credit cards.
- Articles 3, section XI, 9, 36 and 41 of the Popular Savings and Loan Law (LACP).



Sociedades Financieras Comunitarias (SOFICOS)



- Authorized by the CNBV.
- They support the development of the production activities of the rural sector, promoting the financial education in benefit of people residing in rural areas, to the effect of which they can receive donations and federal, state and municipal government support.
- They carry out fund raising and credit granting transactions.
- Pending on its level they also provide safety deposit services, financial lease and the issuing of credit cards.
- Articles 3, fraction XII, 9, 46 and 46 Bis 15 of the LACP.
- The Financial Rural Integration Agencies (OIFR) also have a AML/CFT regime, however, up to now there is none. Its function is to group SOFICOS.





Sociedades Cooperativas de Ahorro y Crédito Popular (SOCAPS)



- Authorized by the CNBV.
- They carry out savings and loan transactions with their partners and whoever is a part of the Mexican financial system with the character of members of the social sector, without speculation and recognizing that they are not profit-seeking intermediaries.
- Article 2, fraction X of the Law for the Regulation of the Activities of Corporative Savings and Loan Companies.



Uniones de Crédito



Popular Sector

- Authorized by the CNBV.
- They offer and raise resources from their partners, who may be legal persons (PYMES), natural persons with professional activity and other entities (commercial bank, development funds and development bank).
- Articles 14, 16, 17 and 40 of the Credit Union Law.



Casas de Cambio



- Authorized by the SHCP with favorable opinion of the CNBV.
- They perform activities of purchase, sale and collection of documents denominated at sight and payable in foreign currency.
- Purchase and sale of foreign currencies through transfers of funds onto bank accounts.
- Others authorized by the Bank of Mexico in general provisions.
- They may operate without any limit.
- Article 82 of the LGOAAC



Centro Cambiario



- Register before the CNBV.
- To apply for registration they must:
- Present a certified copy of the public instrument in which the constitution of the society is stated, in which it is accredited that is dealt with an Anonymous Society and that its company purpose is adjusted to that established in the General Law of Auxiliary Credit Organizations and Activities (LGOAAC).
- Give an address to receive notifications and documents and the complete name of the authorized people to do so to these effects.
- Present the favorable Technical Opinion in matters of AML/CFT.
- They carry out activities of purchase and sale of banknotes, traveller checks denominated in foreign currency, documents denominated at sight and payable in foreign currency, as well as minted coins and common metals with legal course in the issuing country.
- They may perform these activities up to an amount no higher than the equivalent in national currency of ten thousand US Dollars for each customer per day.
- Article 81-A of the LGOAAC.





Almacenes Generales de Depósito (AGD)



- Authorized by the SHCP with favorable opinion of the CNBV.
- They perform activities of storage, custody or conservation, management, control, distribution or marketing of goods in their custody, including the ones in transit, covered by a certificate of deposit (they are a type of debenture bond in accordance with article 229 of the LGTOC) and they grant financing in guarantee of these.
- They also carry out processes of incorporation of value added, such as the transformation, reparation and assembly of the deposited merchandise with the purpose of increasing its value, without essentially changing its nature.
- Article 11 de la LGSM.



Transmisores de Dinero



Registration at CNBV.

To apply for registration they must:

- Present a certified copy of the public instrument in which the constitution of the society is stated, in which it is accredited that is dealt with an Anonymous Society and that its company purpose is adjusted to that established in the General Law of Auxiliary Credit Organizations and Activities (LGOAAC).
- Give an address to receive notifications and documents and the complete name of the authorized people to do so to these effects.
- Present the favorable Technical Opinion in matters of AML/CFT.
- These receive rights or remedies in national currency or foreign currencies, directly in their offices or by cable, fax, Courier services, electronic means, electronic transfer of funds or any other route, in order for them to transfer them abroad according to the remitterrs instructions, to a place within national territory or to deliver them to the designated beneficiary in the place that they are received.
- Article 81-A Bis of the LGOAAC.







Sociedades Financieras de Objeto Múltiple, Entidades Reguladas (SOFOMES, E.R.)



- Registration at CONDUSEF.
- Those institutions that on a regular and professional basis conduct one or more of the following activities: granting credit, executing financial leasing or financial factoring.
- Article 87-B of the LGOAAC (General Law of Credit Organizations and Auxiliary activities.
- REGULATED ENTITIES
- These are those that:
- Maintain equity relations with Credit Institutions, Peoples Financial Companies, Community Financial Companies or Cooperative Savings and Loans Companies.
- Issue debt securities for which they are responsable
- Obtain the approval of the CNBV.





Sociedades Financieras de Objeto Múltiple, Entidades No Reguladas (SOFOMES, E.N.R.)



- Registration at CONDUSEF.
- They have the same general characteristics than SOFOMES ER, with the following specific differences:
- NON-REGULATED ENTITIES
- These are those that:
- Do not fall under the cases of Regulated Entities.
- They are only supervised by the CNBV on matters of AML/CFT.



Financiera Nacional de Desarrollo Agropecuario, Rural, Forestal y Pesquero (FNDARFP)



- Decentralized body of the Federal Public Adminsitration, sectorized by the SHCP, with legal status and its own equity.
- It impulses the development of agricultural, forestry and fishing activities and all others related to rural affiars, with the purpose of elevating productivity and improving the quality of life of the population through granting credit.
- Articles 1 and 2 of the National Law on Agricultural, Rural, Forestry and Fishing Development Financial Companies.



CNBV Authorizathion

For interested parties to receive authorization they must:

- Be organized as an anonymous society (sociedad anónima), in accordance with Mexican legislation.
- Have an address within national territory.
- Present proposal for articles of association and general operating plan.
- Accredit that it has the capital requirements.
- Have the necessary infrastructure and internal controls.
- Have an AML/CFT Manual, as well as an organization manual.
- Have the identification and knowledge of customer policies, as well as the criteria, measures and procedures adjusted to the general provisions in matters of AML/CFT.





AUTHORIZATION OF THE SHCP AND OPINION OF THE CNBV

For interested parties to receive authorization, they must:

- File an application in writing signed by all stock holders of the society, which must include the following:
- Denomination, registered office and initial paid capital.
- A list of stock holders, counselors, commissioners, general director and officials including the two immediate levels inferior to this last one.
- The project of articles of incorporation of the society, or if this is the case, project of modification to the articles of association when dealing with already constituted societies.
- General operating plan and financial viability models which include accounting balances and that give quarterly, results projected for the following three years.
- The AML/CFT Manual, as well as an organization manual.
- The identification and customer knowledge policies, as well as the criteria, measures and procedures adjusted to the general provisions in matters of AML/CFT.





REGISTRATION AT CNBV

• It is a reliable database, available to the public in general that provides legal certainty on the legally organized and registered societies, establishing the ways and terms on which this registration will be carried out, as well as the acts susceptible for annotation and the requirements for the completion of the corresponding registration or renewal.



REGISTRATION AT CONDUSEF

To obtain the registration at CONDUSEF it is required that the SOFOMES E.N. and SOFOMES E.N.R. presents:

- Project of articles of association.
- Act of constitution with the registration data in the Public Registry of Commerce.
- Indicate an address to receive notifications and documents and the complete names of people authorized to do so.
- The favorable Technical Opinion in AML/CTF matters issued by the CNBV.





TECHNICAL OPINION

• Exchange Centers, Money Remitters and SOFOMES ENR must request the issuance of a Technical Opinion from the CNBV in matters of AML/CFT, previous to their registration.

The application must include:

- The document of policies, criteria, measures and internal procedures they intend to use.
- The designation of the internal structures that will function as compliance areas in this matter.
- A manifest under the penalty of perjury that there is or they are in process of implementing an automated system.





PUBLIC LIMITED COMPANIES

- A public limited company exists under a denomination and will always be followed by the words "Public Limited Company" or its Spanish abbreviation "S.A."
- To proceed with the constitution of an anonymous society, it is required to: have at least two partners, each one subscribing at least one share, that the social contract establishes the minimum amount of the social capital and that it is entirely subscribed, they may be constituted by the appearance of the people that grant the deed or corresponding policy before a Notary Public or via public subscription.
- It must be registered in the Public Registry of Commerce.





PUBLIC REGISTRY OF COMMERCE

- The Public Registry of Commerce has the purpose of publicizing the mercantile acts, as well as those related to trades and that in accordance with the law require so in order to give effect against third parties.
- For the registration of mercantile acts which according to law are susceptible, pre-coded forms will be used.
- The registration of acts will be carried out in the commercial electronic folio, in care of the name, denomination or company purpose of each trader or mercantile society, which will comprise all mercantile acts related to this trader or society.





Annex 3

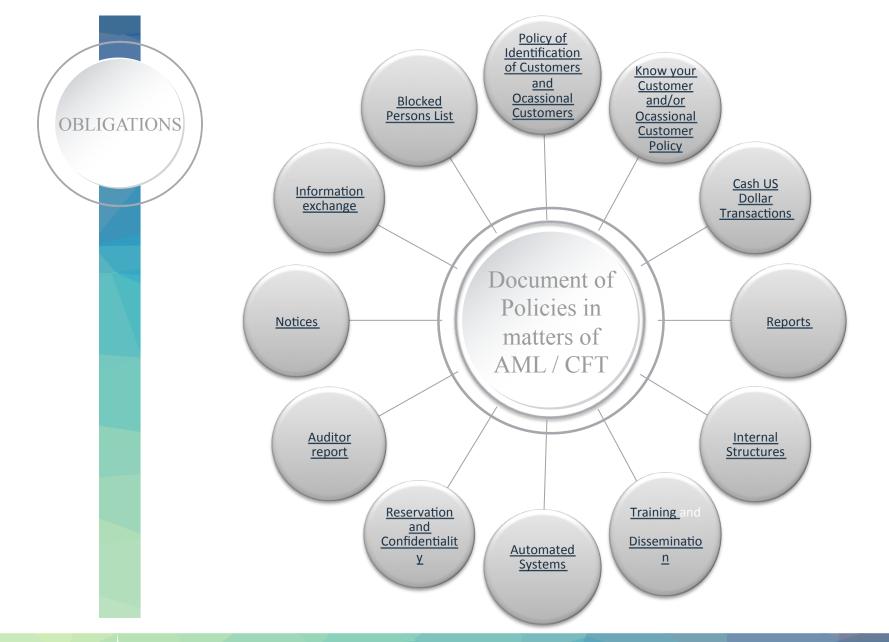
Powers and Obligations of the Financial Entities



- Supervises that financial entities comply with that established in the General Provisions applicable in matters of AML/CFT through inspection visits.
- Proposes the application of administrative sanctions to financial entities referred to here above.
- Receives information through the Inter-institutional System of Information Transfer (SITI) related to diverse reports which must be sent by the obligated subjects to the SHCP, acting as a technological bridge to transmit this information immediately to the FIU.
- Issues an opinion to the SHCP, regarding the AML/CFT regulations, as well as the approaches and consultations formulated by the obligated subjects that require the issuance of interpretation criteria regarding that established in these regulations.
- Certifies the external independent auditors, compliance officers and other professionals.
- Provides financial entities with the blocked persons list issued by the SHCP
- Issues a Technical Opinion for allowing the registry of certain financial entities.
- Issues guidelines, best practices, criteria, directives, guides and other provisions for the adequate compliance of AML/CFT regulations.















- Integrate and preserve identification files, with the respective data and documents, according to the type of customer or occasional customer in question (natural person or legal person), as well as the resource provider, beneficiary, true owner, trust, company or entity of the government, among others.
- Conduct a personal interview before establishing commercial relations.
- Collect the information of the customers and/or occasional customers and preserve it in their systems.





- Have procedures for monitoring the transactions of their customers and/or occasional customers, determine their transactional profile, detect deviations of said profiles and modify the previously determined transactional profiles.
- Classify their customers and/or occasional customers according to their degree of risk, and also establish considerations to modify the previously granted degree of risk, where applicable.







The restrictions for the execution of transactions in US cash dollars are applicable on the following entities:

- Multiple Banking Insittutions
- Brokerage Firms
- Exchange Houses
- Cooperative Savings and Public Loan Companies





CREDIT INSTITUTIONS

In terms of that established in the first paragraph of the 4th of the DCG 115 LIC, banks must integrate and keep an identification file on a Customer, previous to the opening of an account or closing a contract. When dealing with occasional customers, certain identification data must be collected only for cash transactions in foreign currency that surpass the amount equal or superior to the equivalent of 500 USD (17th of the DCG 115LIC).

Limits in cash dollar transactions		
Type of person	Established limits	
Natural person customers.	Up to 4,000 USD monthly.	
Legal person Customers, in municipalities where it is justified that they receive dollars or in municipalities within the 20 km strip from the northern line of the country or in Baja California or Baja California Sur.	Up to 14,000 USD monthly.	
National natural person occasional customers.	Up to 300 USD daily.	
National and foreign natural person occasional customers.	Up to 1,500 USD monthly. Foreign Users natural persons (without limits for daily transactions).	
National and foreign natural person occasional customers, when they carry out exchange transactions to the effect of payment of taxes on foreign trade caused by the import of merchandise.	Amounts established in the General Regulations in Matters of Foreign Trade.	
Legal person users or acting in the name of trusts.	Under no circumstances will they be able to receive.	
Limits in cash dollar transactions with commission agent		
Type of commission agent	Established limits	
Trade commission agent and service providers.	Up to 250 USD per transaction (natural persons).	
Commission agents with accommodation service and Duty Free businesses.	 Up to 1,500 USD monthly (foreign natural persons). Up to 300 USD daily, restricted monthly to 1,500 USD (national natural persons). 	
Without limits for cash dollar transactions		
Type of person		
Legal person customers, in any part of national territory, as long as they have been constituted for at least three years that justify the need of transactions in dollars for more than the previous limit, that present their financial balances and annual declarations of the two years previous to the one in which they intend to carry out transactions without the established limits. (reform published on the DOF on 09/12/2014).		
Customers in diplomatic and consular representations, international agencies as well as governmental entities in charge of administrating insured goods, among others.		
Other credit institutions, brokerage firms and money exchange houses when they act on their own account.		
Trust Customers constituted by the Federation, by some federative or parastatal organization or by any Mexican legal person of public entity.		





BROKERAGE FIRMS

In terms of that established in the first paragraph of the 4th of the DCG 212 LMV, the brokerage firms must integrate and keep an identification file of the Customer, previous to the opening of an account or closing a contract. When dealing with Users they must collect certain identification data only for cash transactions in foreign currency that surpass the amount equal or superior to the equivalent of 500 USD (15th of the DCG 212 LMV).

Limits in cash dollar transactions		
Type of person	Established limits	
Natural person customers.	Up to 4,000 USD monthly.	
Legal person customers, in municipalities where it is justified that they receive dollars or in municipalities within the 20 km strip from the northern line of the country or in Baja California or Baja California Sur.	Up to 14,000 USD monthly.	
National natural person occasional customers.	Up to 300 USD daily.	
National and foreign natural person occasional customers.	Up to 1,500 USD monthly. Foreign occasional customers natural persons (without limits for daily transactions.	
Legal person users or acting in the name of trusts.	Under no circumstances will they be able to receive.	
Without limits for cash dollar transactions		
Type of person		

Type of person

Customers in diplomatic and consular representations, international agencies as well as governmental entities in charge of administrating insured goods, among others.

Other credit institutions, brokerage firms and money exchange houses when they act on their own account.

Trust Customers constituted by the Federation, by some federative or parastatal organization or by any Mexican legal person of public entity.





EXCHANGE HOUSES

Limits in cash dollar transactions	
Type of person	Established limits
National natural person occasional customers (without identification file)	Up to 300 USD daily.
National and foreign occasional customers (without identification file)	Up to 1,500 USD monthly.
Natural person occasional customers (with identification file)	Up to 4,000 USD monthly.
National and foreign natural person occasional customers , when they carry out exchange transactions to the effect of payment of taxes on foreign trade caused by the import of merchandise.	Amounts established in the general regulations in matters of Foreign Trade.
Legal person occasional customers or acting in the name of trusts.	They must refrain from receiving.
Legal person occasional customers in municipalities where it is justified that they receive dollars or in municipalities within the 20 km strip from the northern line of the country or in Baja California or Baja California Sur.	Up to 14,000 USD monthly.

Without limits for cash dollar transactions

Type of person

Foreign natural person **occasional customers** (without limits for daily transactions).

Occasional customers in diplomatic and consular representations, international agencies as well as governmental entities in charge of administrating insured goods, among others.

Other credit institutions, brokerage firms and money exchange houses when they act on their own account.

Trust occasional customers constituted by the Federation, by some federative or state-owned organization or by any Mexican legal person of public entity.

- [1] Depending on the type of merchandise.
 [2] Except when dealing with the last scenario in the first box and the last three scenarios in the second box





CORPORATIVE SAVINGS AND LOANS COMPANIES - SOCAP

In terms of that established in the first paragraph of the 4th of the DCG 71 and 72 LRASCAP the SOCAPS must integrate and keep an identification file of their Customers (partners or third parties), previous to the opening of an account or closing a contract. When dealing with Occasional Customers they must collect certain identification data only for cash transactions in foreign currency that surpass the amount equal or superior to the equivalent of 500 USD (18th of the DCG 71 and 72 LRASCAP).

Limits in cash dollar transactions		
Type of person	Established limits	
Natural person occasional customers.	Up to 4,000 USD monthly.	
Legal person customers, in municipalities where it is justified that they receive dollars or in municipalities within the 20 km strip from the northern line of the country or in Baja California or Baja California Sur.	Up to 14,000 USD monthly.	
National natural person occasional customers.	Up to 300 USD daily.	
National and foreign natural person occasional customers	Up to 1,500 USD monthly.	
Legal person occasional customers or acting in the name of trusts.	Under no circumstances will they receive.	

Without limits for cash dollar transactions

Type of person

Customers in diplomatic and consular representations, international agencies as well as governmental entities in charge of administrating insured goods, among others.

Other societies, credit institutions and money exchange houses when they act on their own account

Trust Customers constituted by the Federation, by some federative or state-owned organization or by any Mexican legal person of public entity.

Foreign natural person occasional customers (without limits for daily transactions).







- Cash Transaction Report
- Suspicious Transaction Report
- Concerning Internal Transaction Report
- Cash Transactions in US Dollars
- Report of Transactions with Cashiers Check
- Report of International Transfers of Funds









- Within the first ten business days of the months of January, April, July and October of each year, issue to a report for all the cash transactions that its clients or occasional customers have made to the SHCP through the CNBV.
- Transaction made with bills and coins of legal tender in Mexico or in any other country, with travelers checks or with coins minted in platinum, gold and silver, for an amount equal to or greater than the equivalent of 10,000 USD** in national tender.

• All supervised entities except Investment Advisors.

- The SOFOMES (Multiple Purpose Finance Companies), Exchange Centers and Money Remitters send this report the last 10 business days.
- **For Exchange Centers and Money Senders, the amount is 5,000 USD.









- Within a period that does not exceed 60 calendar days counted from when the transaction is detected, issue the following to SHCP through the CNBV:
- Transaction, activity, conduct or behavior that does not agree with the known or declared history or activity or with the initial and habitual transactional profile, which does not have a reasonable justification for its execution.
- Transaction, activity, conduct or behavior that a customer or occasional customers executes or intends to execute with the Entity that may fall under the cases provided for crimes of ML/TF.
- Suspicious 24 hours:
- Within 24 hours counted from when the Reporting entity becomes aware of:
- Indications or concrete facts that the resources of a transaction intended to be made are derived from unlawful activities related to ML/TF crimes.
- Any transaction prior to the date in which the List of Blocked Persons has been notified to the Entity, when such persons intend to execute transactions or when third parties intend to make them in favor or on behalf of said blocked persons.**

All supervised entities

^{**} Except for Investment Advisors and some Management Companies and Investment Fund Share Distributors referred to in section V of article 39 Bis and the last paragraph of article 40 Bis of the Investment Funds Act.







^{*} This term can be extended for 30 additional days, only for Credit Institutions, whenever they establish in the AML/CFT Manuel the criteria for determining the cases in which said term shall apply, according to the guides abd best practices of the SHCP.



- By way of the CNBV, issue the following to the SHCP within a period that does not exceed 60 calendar days from when the transaction is detected.
- Transaction, activity, conduct or behavior of any manager, oficial, employee, commission agent, shareholder, owner, attorney-in-fact, agent, or whomever exercise control of the Reporting Entity, that:
- May contravene, violate or evade the application of the Law or the applicable Provisions.
- For any other cause that is doubtful for the Reporting Entities for being considered to possibly favor the occurrence of the cases provided in articles 139 Quater or 400 Bis of the CPF.

• All Supervised Entities.







- Within the first 10 business days of the months of January, April, July and October of each year, issue a report to the CNBV for each purchase, reception of deposits, reception of payment of loans or services or transfers or location of cash funds made with dlls
- Customers: for an amount equal to or greater tan 500 USD.
- Occasional customers: for an amount more tan 250 USD.

- Brokerage Firms
- Exchange Houses
- Exchange Centers
- Multiple Purpose Financial Companies Community Financing Companies and OIFR
- National Agricultural, Rural, Forestry and Fishing Development Financial Companies
- Credit Institutions
- Cooperative Savings and Loans Companies
- Credit Unions
- * The Exchange Centers send this report the last 10 business days..
- In Exchange Houses it applies for natural persons for an amount of more than 250 USD, and natural persons, legal persons and trusts for an amount of more than 500 USD.
- Credit Unions and National Agricultural, Rural, Forestry and Fishing Development Financial Companies for amounts of more tan 500 USD.
- Exchange Centers for an amount of more tan 500 USD.









- By way of the CNBV, issue a report for each transaction to the CNBV within the first 10 business days of the months of January, April, July and October.
- Transaction of issuance of payment of cashiers check, made with customers or occasional customers for an amount equal to or more than the equivalent of 10,000 USD in national currency.

Reporting Entity

Credit Institutions









- Through the CNBV, a report for each international fund transfer is sent to the SHCP within the first 15 business days following the last business day of the previous month..
- International transfers of funds that any of its customers or occasional customers has individually received or sent during said month for an amount equal to or greater tan 1,000 USD or its equivalent.

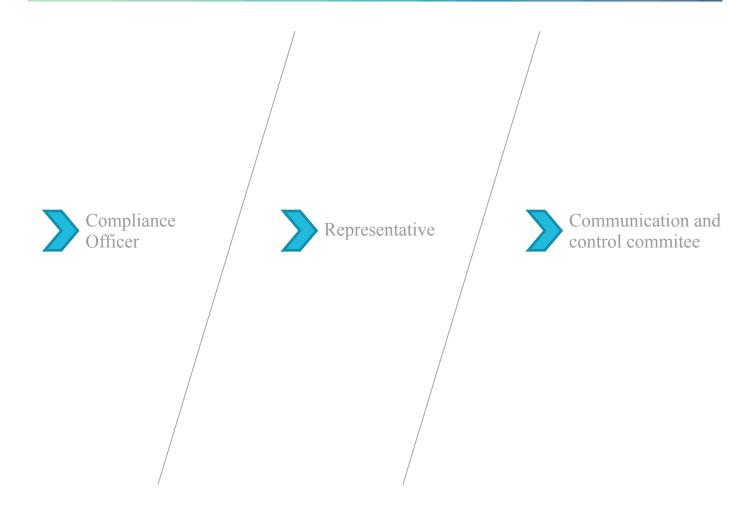
Reporting Entity

- Brokerage Firms
- Exchange Houses
- Popular Financial Companies, Community Financial Companies
- OIFR
- Credit Institutions,
- Cooperative Savings and Loans Companies
- Money Remitters





Internal Structures









- This must be an official that works in the company, who must be appointed by the board of administration.
- Their functions are:
- Elaborating and submitting the AML/CFT policies document to the consideration of the Committee.
- Inform the Committe of the execution of contracts or opening of accounts in the Entity in question, whose characteristics may generate a high risk for the same Entity.
- Coordinate the monitoring of transactions, such as the investigations that must be carried out on an institutional level, with the purpose of the Committee having the necessary elements to rule them, where applicable, as Suspicious Transactions or Concerning Internal Transactions.
- Send the corresponding reports to the SHCP through the CNBV.
- Act as a link between the Committee, the SHCP and the CNBV, for affairs regarding the application of the Provisions.







^{*}Applies only to the Investment Advisors and to some Management Companies and Distributers of Investment Funds Shares to which section V of article 39 Bis and the last paragraph of article 40 Bis of the Investment Funds Act refer.



- Governing body integrated by at least three members that must be the heads of the areas that the board of adminsitration or manager of each Entity appoints.
- The Reporting Entities that have at least 25 persons at their service, whether they perform functions for the same directly or indirectly through complementary service companies, are not obligated to constitute or maintain the Committee.
- All reporting entities*

*Except for the level I Cooperative Savings and Loans Companies that have assets of more tan 2.5 million USD, Investment Advisors and some Management Companies and Distributors of Investment Fund Shares to which section V of article 39 Bis and the last paragraph of article 40 Bis of the Investment Funds Act refer.









- Provision of courses at least once a year, addressed specifically to officials and employees
- Issue certificates confirming the participation of the officials or employees
- Apply evaluations on the courses
- Establish measures in the event that they are not satisfactory







- AML/CFT Provisions and their modifications
- Information on techniques, methods, typologies and tendencies to prevent, detect and report ML/TF transactions.









- The entities must have automated systems that assist in the fulfillment of the AML/CFT General Provisions, developing the following, among other functions:
- Preserve the historic records of the information that is held in the customer and/occasional customer identification files.
- Generate, codify, encrypt and transmit the transactions reports in a safe manner.
- Monitor the transactions made by its customers and/or occasional customers to detect posible suspicious transactions, as well as small-volume transactions.







• Maintain absolute confidentiality regarding the reports, requests for information or documentation, as well as orders of confiscation.









- The entities must maintain measures of control that include the internal auditing area's check, or of an independent external auditor, to evaluate and rule on the fulfillment of the general provisions on matters of AML/CFT each year.
- The results of said revisions must be presented to the general management and the Committee of the Entity in a uniform manner in order to evaluate the operational efficiency of the implemented measures and monitor the corrective action programs that may be applicable.







CONTROL

- Capacity of a person or group of persons, by owning securities, by executing a contract or by any other legal act, to directly or indirectly impose decisions of the general shareholders assembly, appoint or dismiss the majority of the board members, administrators, maintaing ownership of rights that directly or indirectly allow one to vote regarding more than fifty percent of the share capital, as well as that who acquires 25% or more of the shareholding structure or the share capital of a legal person.
- Exchange Houses, Exchange Centers, Popular Financial Companies, Community Financial Companies, OIFR, Cooperative Savings and Loans Companies, Multiple Purpose Financial Companies and Money Remitters.

NOTIFICATION PER TRANSFER FOR MORE THAN 2%

- The transfer of any of their shares for more than two percent of their paid share capital.
- Exchange Houses, Exchange Centers, Multiple Purpose Finance Companies and Money Remitters.







- Between two or more National Credit Institutions
- Any information of the transactions of their customers and occasional customers.
- Between Credit Institutions and Foreign Financial Companies
- Any information regarding their customers and occasional customers, as well as transactions of the same.

Requirements for exchanging information between Banking Institutions.

Notification for the Exchange of information between Banking Institutions

Notification for the Exchange of information between Banking Institutions and Foreign Financial Companies (on matters of AML/CFT)









- The request must be made in writing, which must specify the reason and the information that is requested, signed by an authorized oficial.
- The response must be in writing, in a term of no more tan 30 calendar days, signed by an authorized official.
- The information may only be used by the petitioning credit institution, unless it is specified that it can be shared with other credit institutions.
- Credit institutions may share relevant information without the need of receiving the request, through the mechanisms that themselves establish.









- The Credit Institution must previously or simultaneously inform the corresponding layout to the SCHP through the CNBV, for which it shall provide the following:
- If a request was made or if the information was sponteously shared.
- The credit institution or institutions that the information shall be delivered to.
- The shared information.
- The purposes of the shared information.









- They may only Exchange information with the foreign financial entities specified by the SHCP, which must derive from a transaction made from the parties.
- They must reach an agreement with the foreign exchange entity regarding the confidentiality of the information and the authorized officials.
- Prior to the exchange, they must notify the CNBV regarding the subscription of the referred agreement through the corresponding Layout.
- Prior to the Exchange, or at the same time, they must send the exchanged information to the SHCP through the CNBV, using the corresponding Layout.









- Elaborate a document and issue it to the CNBV, in which the entities develop their customer and/or occasional customers knowledge and identification policies, as well as the criteria, measures and procedures that they adopt to fulfill that provided in the general Provision on the matter.
- The CNBV is empowered to order adapations when it considers it applicable.









- The UIF introduced natural persons or legal persons into the LPB under specific parameters.
- The CNBV places the LPB at the disposal of the reporting entities.

LPB Designation Parameters

Actions of the Reporting Entity

Actions of the person included in the LPB

Parameters for deslisting from the LPB









- Inclusion may be carried out under the following parameters:
- When they are on the lists issued by the United Nations Security Council and international organizations.
- When they inform foreign authorities, international bodies or intergovernmental groups previously specified by the SHCP.
- When they inform the national authorities why they are related to ML and TF crimes.
- When they are serving a sentence for crimes of ML and TF.
- When the national authorities determine that they have conducted or conduct activities that form a part of, aid or are related to crimes of ML and TF.
- When they fail to provide information or data, they conceal it or cover up the origin, location, destination or ownership of resources, rights or assets that are derived from crimes of ML and TF.
- The UIF introduced natural persons or legal persons into the LPB under specific parameters.
- The CNBV places the LPB at the disposal of the reporting entities.









- Immediately suspend the execution of any act, transaction or related service with the customer or occasional user that is identified in the LPB.
- Within 24 hours counted from when it is informed said information issue a suspicious transaction report to the SHCP through the CNBV.









- The persons that have been included in the LPB may demand their rights be upheld before the Head of the UIF.
- Within the following 10 business days, the FIU shall issue a decision through which it founds and provides grounds for its inclusion in the BPL, and if it is applicable to eliminate them or not.
- La UIF shall notify said decision to the interested party in writing within a term of 15 business days following its issuance.









- When foreign authorities, international bodies, intergovernmental groups or Mexican authorities eliminate persons from their lists.
- When it is considered that they have not conducted or do not conduct activities that form a part of, aid or are related to crimes of ML and TF.
- When the criminal judge rules an acquittal or that the person has paid their sentence
- When it is thus decided by the FIU in accordance with the procedure.
- When it is thus determined by the judicial authority or competent adminsitrative authority.
- For the cases in which a person is eliminated from the LPB, the reporting entities must immediately renew the acts, transactions or services with the customer or occasional customer in question.





