

## **ANNEX III**

### **SCHEDULE OF MEXICO**

#### **HEADNOTES**

1. Commitments in the financial services sector under this Agreement are undertaken subject to the limitations and conditions set forth in these headnotes and in the Schedule below.
2. With respect to Article 17.5 (Market Access), a juridical persons supplying financial services and constituted under the laws of Mexico is subject to non-discriminatory limitations on juridical form.
3. Paragraph 1(c) of Article 17.10 (Non-Conforming Measures) shall not apply to those non-conforming measures relating to paragraph 1(e) of Article 17.5 (Market Access).
4. Description, provides a general non-binding description of the measure for which the entry is made.
5. In the interpretation of a reservation in Section A, all elements of the entry shall be considered. The Measures element shall prevail over all other elements.
6. In the interpretation of a reservation in Section B, all elements of the entry shall be considered. The Description element shall prevail over all other elements.

## SECTION A

### A-1

<b>Sector:</b>	Financial Services
<b>Sub-Sector:</b>	Banking and other Financial Services (excluding Insurance)
<b>Obligations Concerned:</b>	National Treatment (Article 17.3.1 and 17.3.2)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Credit Unions Law ( <i>Ley de Uniones de Crédito</i> ); Article 21 General Law of Credit Organizations and Auxiliary Activities ( <i>Ley General de Organizaciones y Actividades Auxiliares del Crédito</i> ); Article 87-D
<b>Description:</b>	<p>Participation by an individual or legal entity, whether direct or indirect, in the capital stock of a credit union or a regulated multiple purpose financial entity linked to a credit union shall not exceed 15 percent, unless authorized by the National Banking and Securities Commission (<i>Comisión Nacional Bancaria y de Valores</i>) (CNBV).</p> <p>Without prejudice to the preceding paragraph, a foreign individual or legal entity, including a foreign legal entity with no legal personality, may participate indirectly in the capital stock of a credit union or a regulated multiple purpose financial entity linked to a credit union up to 15 percent, provided that the respective shares of the credit union are purchased by a Mexican legal entity in which such foreign individual or legal entity holds a participation.</p>

## A-2

<b>Sector:</b>	Financial Services
<b>Sub-Sector:</b>	All Services
<b>Obligations Concerned:</b>	National Treatment (Article 17.3.1 and 17.3.2) Market Access (Article 17.5.1(a))
<b>Level of Government:</b>	Central
<b>Measures:</b>	Law to Regulate Financial Groups ( <i>Ley para Regular las Agrupaciones Financieras</i> ); Articles 67, 68, 70, 72, 74 and 76 Credit Institutions Law ( <i>Ley de Instituciones de Crédito</i> ); Articles 45-A, 45-B, 45-C 45-E, 45-G and 45-I Securities Market Law ( <i>Ley del Mercado de Valores</i> ); Articles 2, 160, 161, 163, 165 and 167 Insurance and Surety Institutions Law ( <i>Ley de Instituciones de Seguros y Fianzas</i> ); Articles 2, 74, 75, 77, 78, 79 and 81. General Law of Credit Organizations and Auxiliary Activities ( <i>Ley General de Organizaciones y Actividades Auxiliares del Crédito</i> ); Articles 45 Bis 1, 45 Bis 2, 45 Bis 3, 45 Bis 5 45 Bis 7 and 45 Bis 9 Investment Funds Law ( <i>Ley de Fondos de Inversión</i> ); Articles 62, 63, 64, 66, 68 and 70 Retirement Savings Systems Law ( <i>Ley de los Sistemas de Ahorro para el Retiro</i> ); Article 21 Rules for the Establishment of Foreign Financial Institution Subsidiaries ( <i>Reglas para el establecimiento de Filiales de Instituciones Financieras del Exterior</i> ); First, Eighth and Ninth Rules
<b>Description:</b>	<p>A financial institution of another Party may invest in the capital stock of a holding company of a financial group, a commercial bank, a securities firm, a surety institution, an insurance institution, a foreign exchange firm, a general deposit warehouse, a managing company of investment funds, a distributing company of investment fund shares, and a retirement funds management company, organized as a Mexican subsidiary (<i>filial</i>) of a foreign financial institution, if that financial institution of the other Party meets the following conditions:</p> <ul style="list-style-type: none"><li>(a) directly or indirectly carries out in the territory of that other Party, in accordance with applicable law, the same type of financial service that the respective subsidiary is allowed to carry out in Mexico;</li></ul>

- (b) is incorporated in and under the laws of that other Party provided further that such Party remains as a party to this Agreement, and
- (c) obtains prior authorization from the competent Mexican financial authorities and complies with the requirements set out in the respective law.

A financial institution of another Party must own at least 51 percent of the subsidiary's capital stock.

### A-3

<b>Sector:</b>	Financial Services
<b>Sub-Sector:</b>	All Services
<b>Obligations Concerned:</b>	Market Access (Article 17.5.1(a))
<b>Level of Government:</b>	Central
<b>Measures:</b>	Law to Regulate Financial Groups ( <i>Ley para Regular las Agrupaciones Financieras</i> ); Article 67 Credit Institutions Law ( <i>Ley de Instituciones de Crédito</i> ); Article 45-A Securities Market Law ( <i>Ley del Mercado de Valores</i> ); Article 2 Insurance and Surety Institutions Law ( <i>Ley de Instituciones de Seguros y Fianzas</i> ); Article 2 General Law of Credit Organizations and Auxiliary Activities ( <i>Ley General de Organizaciones y Actividades Auxiliares del Crédito</i> ); Article 45 Bis 1 Investment Funds Law ( <i>Ley de Fondos de Inversión</i> ); Article 62 Retirement Savings Systems Law ( <i>Ley de los Sistemas de Ahorro para el Retiro</i> ); Article 21 Rules for the Establishment of Foreign Financial Institution Subsidiaries ( <i>Reglas para el establecimiento de Filiales de Instituciones Financieras del Exterior</i> ); First Rule
<b>Description:</b>	A financial institution of another Party, as any other foreign financial institution, is not permitted to establish branches within Mexican territory. <sup>1</sup>

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

#### A-4

<b>Sector:</b>	Financial Services
<b>Sub-Sector:</b>	All Services
<b>Obligations Concerned:</b>	National Treatment (Article 17.3.1 and 17.3.2) Market Access (Article 17.5.1(a))
<b>Level of Government:</b>	Central
<b>Measures:</b>	Law to Regulate Financial Groups ( <i>Ley para Regular las Agrupaciones Financieras</i> ); Article 24 Credit Institutions Law ( <i>Ley de Instituciones de Crédito</i> ); Article 13 Securities Market Law ( <i>Ley del Mercado de Valores</i> ); Articles 117 and 237 Law to Regulate Credit Information Corporations ( <i>Ley para Regular las Sociedades de Información Crediticia</i> ); Article 8 Insurance and Surety Institutions Law ( <i>Ley de Instituciones de Seguros y Fianzas</i> ); Article 50 Retirement Saving Systems Law ( <i>Ley de los Sistemas de Ahorro para el Retiro</i> ); Article 21 General Law of Credit Organizations and Auxiliary Activities ( <i>Ley General de Organizaciones y Actividades Auxiliares de Crédito</i> ); Articles 8 and 87-D Investment Funds Law ( <i>Ley de Fondos de Inversión</i> ); Article 37 Credit Unions Law ( <i>Ley de Uniones de Crédito</i> ); Article 21
<b>Description:</b>	<p>A foreign government is not allowed to participate, directly or indirectly, in the capital stock of a holding company of financial groups, commercial bank, securities firm, stock exchange, credit information corporation, surety institution, insurance institution, retirement funds management company, foreign exchange firm, auxiliary credit organization, general deposit warehouse, managing company of investment funds, distributing company of investment fund shares, value assessment company of investment fund shares, credit unions regulated multiple purpose financial entity linked to a credit institution except:</p> <p>(a) In case that participation is done it should be only as a temporary prudential measure, such as financial support or aid.</p> <p>The financial institution that falls in this situation must submit to the competent financial authority the relevant information and documents to prove</p>

that situation.

- (b) In case that participation implies that the foreign government takes control<sup>2</sup> over that financial institution, and it is carried out through an official legal entity, such as a sovereign fund or public development entity, provided that an authorization is previously granted, on a discretionary basis, by the competent financial authority, subject to the condition that such authority is satisfied that such legal entity proves that:
  - (i) it does not exercise any government function, and
  - (ii) its managing board is independent from the respective foreign government.
- (c). When such participation is indirect and does not imply the control of the financial institution.

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<sup>2</sup> The term “control” is defined in each of the laws indicated in this entry.

**A-5**

<b>Sector:</b>	Financial Services
<b>Sub-Sector:</b>	All Services
<b>Obligations Concerned:</b>	Senior Management and Boards of Directors (Article 17.9)
<b>Level of Government:</b>	Central
<b>Measures:</b>	Cooperative Companies General Law ( <i>Ley General de Sociedades Cooperativas</i> ); Article 7
<b>Description:</b>	Directors and managers of savings and loans cooperative companies must be Mexican.

**A-6**

<b>Sector:</b>	Financial Services
<b>Sub-Sector:</b>	Banking and other Financial Services (excluding Insurance)
<b>Obligations Concerned:</b>	National Treatment (Article 17.3.1 and 17.3.2) Market Access (Article 17.5.1(a))
<b>Level of Government:</b>	Central
<b>Measures:</b>	Securities Market Law ( <i>Ley del Mercado de Valores</i> ); Article 167
<b>Description:</b>	If a securities firm organized as a subsidiary ( <i>filial</i> ) of a financial institution of another Party acquires shares of a Mexican securities firm, which shall not be below 51 percent of its capital stock, such subsidiary must merge with the securities firm.

**A-7**

<b>Sector:</b>	Financial Services
<b>Sub-Sector:</b>	Banking and other Financial Services (excluding Insurance)
<b>Obligations Concerned:</b>	Market Access (Article 17.5.1(a))
<b>Level of Government:</b>	Central
<b>Measures:</b>	Retirement Savings Systems Law ( <i>Ley de los Sistemas de Ahorro para el Retiro</i> ); Article 26
<b>Description:</b>	<p>A retirement fund management company may not own more than 20 percent share of the retirement savings systems market.<sup>3</sup></p> <p>The Retirement Savings System National Commission (<i>Comisión Nacional del Sistema de Ahorro para el Retiro</i>) (<i>CONSAR</i>) may authorize a limit beyond 20 percent, provided that this does not constitute prejudice to the interests of workers.</p>

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<sup>3</sup> The term “market” refers to the total amount of individual retirement accounts.

**A-8**

<b>Sector:</b>	Financial Services
<b>Sub-Sector:</b>	Banking and other Financial Services (excluding Insurance)
<b>Obligations Concerned:</b>	Market Access (Article 17.5.1(a))
<b>Level of Government:</b>	Central
<b>Measures:</b>	Securities Market Law ( <i>Ley del Mercado de Valores</i> ); Article 234
<b>Description:</b>	The organization of a stock exchange is subject to a concession previously granted, on a discretionary basis, by the Federal Government. The decision to grant that concession will be subject to considerations regarding the market's development.

## A-9

<b>Sector:</b>	Financial Services
<b>Sub-Sector:</b>	Insurance and insurance-related services
<b>Obligations Concerned:</b>	National Treatment (Article 17.3.3(b)) Market Access (Article 17.5.1(c))
<b>Level of Government:</b>	Central
<b>Measures:</b>	Insurance and Surety Institutions Law ( <i>Ley de Instituciones de Seguros y Fianzas</i> ); Articles 20, 21, 22, 23, and 24
<b>Description:</b>	<p>No person may contract with foreign entities the insurance of:</p> <ul style="list-style-type: none"><li>(a) maritime or aircraft hulls, and any kind of vehicle, for risks inherent to the maritime and transportation industries, provided that such hulls and vehicles have Mexican registration or are owned by persons domiciled in Mexico;</li><li>(b) credit, housing credit, surety and financial guarantee<sup>4</sup>, if the insured is subject to Mexican law.</li><li>(c) third party liability derived from events that may take place in the territory of Mexico; and</li><li>(d) other risks that may take place in Mexican territory, except for insurance contracted outside such territory with respect to goods transported from the territory of Mexico to a foreign territory or vice versa, and insurance contracted by non-residents in Mexico for their persons or vehicles to cover risks during their temporary entries into the territory of Mexico.</li></ul>

For greater certainty, no person may contract with entities of another Party the insurance of persons provided that the person is located in the territory of Mexico at the moment of the execution of the insurance agreement if that person is an individual, or that the insured resides in Mexico if the insurance is contracted by a

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<sup>4</sup> The prohibition for insurance of financial guarantee will not apply when the securities or documents matter of the insurance participate in foreign markets exclusively.

legal entity.<sup>5</sup>

As an exception to the prohibitions indicated above, the National Insurance and Surety Commission (*Comisión Nacional de Seguros y Fianzas*) (CNSF) may authorize a person to contract any of the insurance described above provided that such person demonstrates that none of the insurance institutions authorized to operate in Mexico is able or deems convenient to enter into a given insurance operation proposed to it.

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<sup>5</sup> For clarification purposes, this wording should not be considered as a departure from Mexico's position in other international agreements it has entered into.

## A-10

<b>Sector:</b>	Financial Services
<b>Sub-Sector:</b>	Banking and other Financial Services (excluding Insurance)
<b>Obligations Concerned:</b>	National Treatment (Article 17.3.3(b)) Market Access (Article 17.5.1(a))
<b>Level of Government:</b>	Central
<b>Measures:</b>	Insurance and Surety Institutions Law ( <i>Ley de Instituciones de Seguros y Fianzas</i> ); Articles 34 and 35
<b>Description:</b>	No person may contract with foreign entities sureties to guarantee acts of individuals and legal entities bound to fulfil obligations in Mexican territory, except for rebonding or in case such sureties are received by Mexican surety institutions as counter guarantee.

As an exception to the prohibitions indicated above, the National Insurance and Surety Commission (*Comisión Nacional de Seguros y Fianzas*) (CNSF) may authorize a person to contract any of the sureties described above provided that none of the financial institutions authorized to operate in Mexico is able or deems it convenient to undertake a surety operation proposed to it, upon prior verification of such circumstances have been proved to it.

## A-11

<b>Sector:</b>	Financial Services
<b>Sub-Sector:</b>	All
<b>Obligations Concerned:</b>	National Treatment (Article 17.3.1 and 17.3.2) Market Access (Article 17.5.1(a))
<b>Level of Government:</b>	Central
<b>Measures:</b>	Insurance and Surety Institutions Law ( <i>Ley de Instituciones de Seguros y Fianzas</i> ); Article 337 Regulation of Insurance and Surety Agents ( <i>Reglamento de Agentes de Seguros y de Fianzas</i> ); Article 12 Rules for the authorization and operation of reinsurance brokers ( <i>Reglas para la autorización y operación de intermediarios de reaseguros</i> ); Rule Fourth
<b>Description:</b>	<p>A foreign government or official foreign entity may not participate in a mutual insurance society, in the capital stock of an insurance and surety agency, or in the capital stock of a reinsurance broker, either directly or indirectly.</p> <p>A foreign financial entity may not participate in the capital stock of an insurance or surety agency, or in a mutual insurance society.</p> <p>A group of foreign individuals or legal entities, regardless of the form they adopt, may not participate in a mutual insurance society, either directly or indirectly. For clarification purposes, a foreign individual may participate in mutual insurance societies as long as they do so individually and not as part of a group or entity.</p>

**A-12**

<b>Sector:</b>	Financial Services
<b>Sub-Sector:</b>	Insurance
<b>Obligations Concerned:</b>	National Treatment (Article 17.3.1 and 17.3.2) Market Access (Article 17.5.1(a))
<b>Level of Government:</b>	Central
<b>Measures:</b>	Agricultural and Rural Insurance Funds Law ( <i>Ley de Fondos de Aseguramiento Agropecuario y Rural</i> ); Article 26
<b>Description:</b>	Only a Mexican or a Mexican legal entity with a foreigners exclusion clause may participate in Agricultural and Rural Insurance Funds.

## SECTION B

### B-1

<b>Sector:</b>	Financial Services
<b>Sub-Sector:</b>	All Services
<b>Obligations Concerned:</b>	Market Access (Article 17.5.1(a) and (c)) Senior Management and Boards of Directors (Article 17.9)
<b>Level of Government:</b>	Central

**Description:** Mexico, when selling or disposing of its equity interest in, or the assets of, an existing state enterprise or an existing governmental entity, may prohibit or impose a limitation on the ownership of such interest or assets, and on the ability of owners of such interest or assets to control any resulting enterprise, by investors of Mexico of another Party or of a non-Party or their investments.

Additionally, Mexico may impose a limitation on the supply of the services related to such investments. With respect to such a sale or other disposition, Mexico may adopt or maintain any measure relating to the nationality of individuals appointed to senior management positions of members of the board of directors.

For the purposes of this reservation:

- (a) A measure maintained or adopted after the date of entry into force of this Agreement that, at the time of sale or other disposition, prohibits or imposes limitations on the ownership of equity interest or assets or imposes nationality requirements described in this reservation shall be deemed to be an existing measure; and
- (b) **state enterprise** means an enterprise owned or controlled through ownership interest by Mexico and includes an enterprise established after the date of entry into force of this agreement solely for the purposes of selling or disposing of equity interest in, or the assets of, an existing state enterprise or governmental entity.

## B-2

<b>Sector:</b>	Financial Services
<b>Sub-Sector:</b>	Banking and other Financial Services (excluding Insurance)
<b>Obligations Concerned:</b>	National Treatment (Article 17.3)
<b>Level of Government:</b>	Central
<b>Description:</b>	Mexico reserves the right to adopt or maintain a measure that grants advantages, including exclusive rights, to development banks, decentralized entities, or public funds for the economic development already established at the time that this Agreement enters into force, as well as any new, reorganized or transferee development bank, decentralized entity, or public fund for the economic development with similar functions and objectives with respect to development banking.

The institutions of development banking include:

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

or their respective successors.

**B-3**

**Sector:** Financial Services

**Sub-Sector:** All Services

**Obligations Concerned:** National Treatment (Article 17.3)

**Level of Government:** Central

**Description:** Mexico reserves the right to adopt or maintain a measure that grants advantages, including exclusive rights, to the national insurance institutions, national surety institutions, a national pension fund, or national auxiliary organizations of credit in existence at the date of entry into force of this Agreement, as well as a new, reorganized, or transferee national insurance institution, national surety institution, a national pension fund or national auxiliary organization of credit with similar functions and objectives with respect to public policy purposes.

#### **B-4**

<b>Sector:</b>	Financial Services
<b>Sub-Sector:</b>	All Services
<b>Obligations Concerned:</b>	Market Access (Article 17.5.1(a) and (c)) Senior Management and Boards of Directors (Article 17.9)
<b>Level of Government:</b>	Central
<b>Description:</b>	<p>With respect to the supply of a financial service that Mexico does not require to be supplied by a financial institution on or before the date of entry into force of this Agreement but requires to be supplied by a financial institution after the date of entry into force of this Agreement, Mexico reserves the right to adopt after the date of entry into force of this Agreement a measure or maintain any such measure that:</p> <ul style="list-style-type: none"><li>(a) imposes limitations on the number of financial institutions that may supply the financial service in Mexico, subject to an economic needs test;</li><li>(b) imposes limitations in the form of numerical quotas on the total value of financial service transactions or assets, subject to an economic needs test with respect to the financial service that may be supplied in Mexico; or</li><li>(c) imposes requirements related to the nationality or residency in Mexico of individuals appointed to senior management positions or members of the board of directors that are inconsistent with Article 17.9 (Senior Management and Boards of Directors),</li></ul> <p>provided that:</p> <ul style="list-style-type: none"><li>(d) any amendment to the measure, or adoption of any other measure as described in paragraphs 1(a) through 1(c) applied to the financial service, does not decrease the conformity of Mexico's measures as they existed when Mexico first adopted a measure inconsistent with Article 17.5.1(a) (Market Access) and Article 17.9 (Senior Management and Boards of Directors);</li><li>(e) the measure described in paragraphs 1(a)</li></ul>

through (c) is not applied to withdraw a tangible or intangible asset from a covered investment; and,

- (f) the amendment to the measure, or adoption of any other measure described in paragraphs 1(a) through 1(c) is not applied to withdraw a tangible or intangible asset from (1) a financial institution of another Party; or (2) an investor of another Party, or an investment of such an investor, in a financial institution of another Party.

**B-5**

<b>Sector:</b>	Financial Services
<b>Sub-Sector:</b>	Banking and other Financial Services (excluding Insurance)
<b>Obligations Concerned:</b>	Market Access (Article 17.5.1(b)) National Treatment (Article 17.3.3(a))
<b>Level of Government:</b>	Central
<b>Description:</b>	<p>A cross-border service supplier of another Party may supply the electronic payments services into Mexico specified in Annex 17-A, provided that the cross-border service supplier supplies such services in the territory of that other Party.</p> <p>In addition, such cross-border supply of electronic payment services into Mexico must be supplied on a contractual relationship between a cross-border service supplier of another Party and an affiliate of that supplier established and authorized as a payments network participant under Mexican law in the territory of Mexico.</p>