

Mexico City, September 27th, 2013.

The purpose of the Mexican Banking and Securities Commission (CNBV) as an independent agency of the Ministry of Finance and Public Credit (SHCP), and in conformity with Article 2 of the National Banking and Securities Commission Law, is to oversee and regulate entities in the financial system, among other activities, seeking to ensure their stability and proper operation, and to maintain and promote the sound and healthy development of the system as a whole.

Also, according to the terms set forth in Article 4, section VII of the legal system cited in the preceding paragraph, the CNBV has authority to issue the measures entities need to adapt their activities and operations to their applicable laws and to the general provisions derived therefrom, and to the use of sound practices in financial markets.

With this framework, and in order for credit institutions to use this as a reference in the account opening process or when signing agreements with credit institutions abroad, including cash transactions involving U.S. dollars, to strengthen policy to prevent money laundering and financing of terrorism (AML/FT), the CNBV recommends compliance with the following:

BEST PRACTICES

For credit institutions seeking to open accounts or enter into agreements with credit institutions established abroad, including cash transactions involving U.S. dollars, the recommendation includes the corresponding provision of the latter, with the information and documentation referenced below and following the other aspects indicated:

1. Establish the estimated number and size of the transactions and the geographical areas where such activities will be performed, so the foreign credit institutions can determine the relative risk level.
2. Provide the information required, according to the applicable ALM/FT legal framework, so the credit institution abroad can comply with its customer identification and knowledge policies, subject to the rules of client confidentiality and user data set forth in the relevant legal orders.
3. The AML/FT division of the respective credit institution shall contact its counterpart in the lending institution abroad, in order to share information related to the policies, criteria, measures and procedures to be implemented to comply with the AML/FT regime.

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4. The credit institutions shall provide the credit institutions abroad, evidence of compliance with their AML/FT obligations, as well as data demonstrating that the institution is authorized and supervised by the competent authorities.
5. The credit institutions shall provide such other information and documentation the credit institution abroad needs to determine the level of compliance and the effectiveness of the controls the credit institution has implemented in the field of AML/FT.
6. Provide a brief addressed to the credit institution abroad, in which the credit institution confirms its compliance with the applicable AML/FT regulations, policies and procedures.
7. Based on the analysis of all the information and documentation collected, the foreign credit institution may determine the appropriateness of establishing the business relationship in question, in accordance with its internal AML/FT policy.

The recommendation is that the credit institutions provide the facilities needed to produce a thorough analysis of any information that is relevant to making the decision to establish trade relations with the respective lender, before opening an account or signing contracts, including cash transactions involving U.S. dollars.

This is based on the fact that the best practices outlined above are recommendations provided as examples —without limitations— and that additional measures can be taken on site or during the business relationship with credit institutions abroad, to protect both entities from illegal transactions.