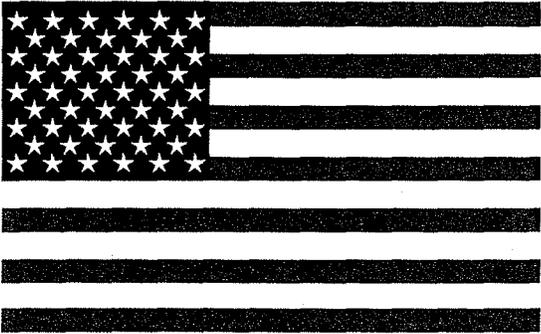
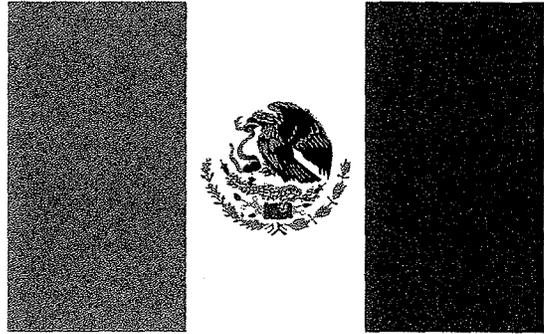


# MEMORANDUM OF UNDERSTANDING



*The United States  
Securities and Exchange Commission*



*Comisión Nacional Bancaria y de Valores  
of the United Mexican States*

***Concerning Consultation, Cooperation and the  
Exchange of Information Related to the Supervision  
of Cross-Border Regulated Entities***

**MEMORANDUM OF UNDERSTANDING  
CONCERNING CONSULTATION, COOPERATION AND  
THE EXCHANGE OF INFORMATION  
RELATED TO THE SUPERVISION OF  
CROSS-BORDER REGULATED ENTITIES**

In view of the growing globalization of the world's financial markets and the increase in cross-border operations and activities of regulated entities, the United States Securities and Exchange Commission and the Comisión Nacional Bancaria y de Valores of the United Mexican States have reached this Memorandum of Understanding (MOU) regarding mutual assistance in the supervision and oversight of regulated entities that operate on a cross-border basis in the United States of America and the United Mexican States. The SEC and CNBV express, through this MOU, their willingness to cooperate with each other in the interest of fulfilling their respective regulatory mandates particularly in the areas of: investor protection; fostering the integrity of and maintaining confidence in capital markets; and reducing systemic risk.

**ARTICLE ONE: DEFINITIONS**

For purposes of this MOU:

1. "Authority" means:
  - a) the United States Securities and Exchange Commission (SEC); or
  - b) the Comisión Nacional Bancaria y de Valores (CNBV) of the United Mexican States.
2. "Requested Authority" means the Authority to which a request is made under this MOU.
3. "Requesting Authority" means the Authority making a request under this MOU.
4. "Person" means a natural person, unincorporated association, partnership, trust, investment company or corporation.
5. "Regulated Entity" means a Person that is authorized, designated, qualified, or registered, and supervised or overseen by an Authority.
6. (a) "Cross-Border Regulated Entity" means a: (i) Regulated Entity of the SEC and the CNBV; (ii) Regulated Entity of one Authority that has been exempted from registration by the other Authority; (iii) Regulated Entity of one Authority that is controlled by a Regulated Entity of the other Authority; or (iv) Regulated Entity of one Authority that is physically located in the territory of the other Authority.  
  
(b) Cross-Border Regulated Entities may include, but are not limited to, exchanges and other trading venues; brokers or dealers; investment advisers; investment fund managers or investment companies; and credit rating agencies. For purposes of clarity, the list of Cross-Border Regulated Entities set forth above is meant to be illustrative of the types of

Regulated Entities providing cross-border services in the United States and Mexico as of the effective date of this MOU, and does not limit the Authorities' ability to cooperate under this MOU with regard to the supervision of other Regulated Entities providing cross-border services that may come under their respective jurisdictions in the future.<sup>1</sup>

7. "On-Site Visit" means any routine, sweep, or for-cause regulatory visit to or inspection of the Books and Records and premises of a Cross-Border Regulated Entity for the purposes of ongoing supervision and oversight.
8. "Books and Records" means documents, books, and records of, and other information about, a Cross-Border Regulated Entity.
9. "Local Authority" means the Authority in whose territory a Cross-Border Regulated Entity is physically located.
10. "Emergency Situation" means the occurrence of an event that could materially impair the financial or operational condition of a Cross-Border Regulated Entity.
11. "Governmental Entity" means:
  - a) The US Department of the Treasury, the US Board of Governors of the Federal Reserve System, or the Financial Stability Oversight Council, if the Requesting Authority is the SEC; and
  - b) La Secretaría de Hacienda y Crédito Público (SHCP) or El Banco de Mexico (BANXICO), if the Requesting Authority is the CNBV.

**ARTICLE TWO: GENERAL PROVISIONS**

12. This MOU is a statement of intent to consult, cooperate and exchange information in connection with the supervision and oversight of Cross-Border Regulated Entities that operate within the jurisdictions of the SEC and the CNBV, in a manner consistent with, and permitted by, the laws and requirements that govern the Authorities. This MOU provides for consultation, cooperation and exchange of information related to the supervision and oversight of Cross-Border Regulated Entities between the SEC and the CNBV. The Authorities anticipate that cooperation will be primarily achieved through ongoing, informal consultations, supplemented, when necessary, by more in-depth cooperation, including through mutual assistance in obtaining information from Cross-Border Regulated Entities. The provisions of this MOU are intended to support such informal communication as well as to facilitate the written exchange of non-public information where necessary in accordance with applicable laws.

---

<sup>1</sup> This MOU is not intended to cover information sharing with regard to issuers.

13. This MOU does not create any legally binding obligations, confer any rights, or supersede domestic laws. This MOU does not confer upon any Person the right or ability directly or indirectly to obtain, suppress, or exclude any information or to challenge the execution of a request for assistance under this MOU.
14. This MOU does not limit an Authority to taking solely those measures described herein in fulfillment of its supervisory functions. In particular, this MOU does not affect any right of either Authority to communicate with, conduct an On-Site Visit of (subject to the procedures described in Article Four), or obtain information or documents from, any Person subject to its jurisdiction that is located in the territory of the other Authority.
15. This MOU complements, but does not alter the terms and conditions of the following existing arrangements concerning cooperation in securities matters: (i) the IOSCO Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information, to which the Authorities are signatories, which covers information-sharing in the context of enforcement; and (ii) Memorandum of Understanding between the United States Securities and Exchange Commission and the Comisión Nacional de Valores de Mexico, dated 18 October 1990.
16. The Authorities will, within the framework of this MOU, provide each other with the fullest cooperation permissible under the law in relation to the supervision of Cross-Border Regulated Entities. Following consultation, cooperation may be denied:
  - a) Where the cooperation would require an Authority to act in a manner that would violate domestic law;
  - b) Where a request for assistance is not made in accordance with the terms of the MOU;  
or
  - c) On the grounds of the public interest.
17. To facilitate cooperation under this MOU, the Authorities hereby designate contact persons as set forth in Appendix A.

**ARTICLE THREE: SCOPE OF SUPERVISORY CONSULTATION, COOPERATION AND THE EXCHANGE OF INFORMATION**

18. **Consultation.** The Authorities recognize the importance of close communication concerning Cross-Border Regulated Entities, and intend to consult regularly at the staff level regarding: (i) general supervisory issues, including regulatory, oversight or other related developments; (ii) issues relevant to the operations, activities, and regulation of Cross-Border Regulated Entities; and (iii) any other areas of mutual supervisory interest.

19. Cooperation will be most useful in, but is not limited to, the following circumstances where issues of common regulatory concern may arise:
  - a) The initial application with an Authority for authorization, designation, qualification, registration or exemption therefrom by a Regulated Entity that is authorized, designated, qualified or registered by the other Authority;
  - b) The ongoing supervision and oversight of a Cross-Border Regulated Entity; and
  - c) Regulatory or supervisory actions or approvals taken in relation to a Cross-Border Regulated Entity by an Authority that may impact the operations of the entity in the territory of the other Authority.
  
20. **Advance Notification.** Each Authority will, where practicable and reasonable, seek to inform the other Authority in advance of, or as soon as possible thereafter of:
  - a) Pending regulatory changes that may have a significant impact on the operations, activities, or reputation of a Cross-Border Regulated Entity;
  - b) Any material event of which the Authority is aware that could adversely and directly impact a Cross-Border Regulated Entity. Such events include known changes in the ownership, operating environment, operations, financial resources, management, or systems and control of a Cross-Border Regulated Entity; and
  - c) Enforcement or regulatory actions or sanctions, including but not limited to the revocation, suspension or modification of relevant authorization, designation, qualification or registration or exemption therefrom, concerning or related to Cross-Border Regulated Entity.
  
21. **Exchange of Information.** To supplement informal consultations, upon written request, each Authority intends to provide the Requesting Authority with assistance in obtaining information, and interpreting such information, relevant to ensuring compliance with the laws and regulations of the Requesting Authority and that is not otherwise available to the Requesting Authority. The information covered by this paragraph includes, but is not limited to:
  - a) Information relevant to the financial and operational condition of a Cross-Border Regulated Entity, including, for example, reports of capital reserves, liquidity or other prudential measures, and internal control procedures;
  - b) Relevant regulatory information and filings that a Cross-Border Regulated Entity is required to submit to an Authority including, for example, interim and annual financial statements and early warning notices; and

- c) Regulatory reports prepared by an Authority, including, for example, examination reports, findings, or information drawn from such reports regarding Cross-Border Regulated Entities.

**ARTICLE FOUR: ON-SITE VISITS**

22. Where a Cross-Border Regulated Entity has chosen to become a Regulated Entity in the other Authority's jurisdiction, as defined in Paragraph 5, and where necessary in order to fulfill its supervision and oversight responsibilities and to ensure compliance with its laws and regulations, an Authority seeking to examine a Cross-Border Regulated Entity located in the other Authority's territory will consult and work collaboratively with the Local Authority in conducting an On-Site Visit. The Authorities will comply with the following procedures before conducting an On-Site Visit:
- a) The Authority seeking to conduct an On-Site visit will provide advance notice to the Local Authority of its intent to conduct an On-Site Visit, by itself or by a third party commissioned by it, and will consult with the Local Authority on the intended timeframe and scope of the On-Site Visit.
  - b) The Local Authority will endeavor to share any relevant examination reports or compliance reviews it may have undertaken respecting the Cross-Border Regulated Entity with the Requesting Authority.
  - c) The Authorities intend to assist each other regarding On-Site Visits, including cooperation and consultation in reviewing, interpreting and analyzing the contents of public and non-public Books and Records; and obtaining information from directors and senior management of a Cross-Border Regulated Entity.
  - d) The Authorities will consult and, where desired, conduct joint inspections with a view to possibly leveraging resources in the oversight of a Cross-Border Regulated Entity.

**ARTICLE FIVE: EXECUTION OF REQUESTS FOR ASSISTANCE**

23. To the extent possible, a request for information pursuant to Article Three should be made in writing, and addressed to the relevant contact person identified in Appendix A. A request for information generally should specify the following:
- a) The information sought by the Requesting Authority;
  - b) A general description of the matter which is the subject of the request and the purpose for which the information is sought; and
  - c) The desired time period for reply and, where appropriate, the urgency thereof.

24. In an Emergency Situation, the Authorities will endeavor to notify each other of the Emergency Situation and communicate information to the other as would be appropriate in the particular circumstances, taking into account all relevant factors, including the status of efforts to address the Emergency Situation. During an Emergency Situation, requests for information may be made in any form, including orally, provided such communication is confirmed in writing as promptly as possible following such notification.

**ARTICLE SIX: PERMISSIBLE USES OF INFORMATION**

25. The Requesting Authority may use non-public information obtained under this MOU solely for the purpose of supervising Cross-Border Regulated Entities and seeking to ensure compliance with the laws or regulations of the Requesting Authority.
26. This MOU is intended to complement, but does not alter the terms and conditions of the existing arrangements between the Authorities concerning cooperation in securities matters, as set forth in Paragraph 15. The Authorities recognize that while information is not to be gathered under the auspices of this MOU for enforcement purposes, subsequently the Authorities may want to use the information for law enforcement. In cases where a Requesting Authority seeks to use information obtained under this MOU for enforcement purposes, including in conducting investigations or bringing administrative, civil or criminal proceedings, prior consent must be sought from the Requested Authority. Use will be subject to the terms and conditions of the arrangements referred to in Paragraph 15.

**ARTICLE SEVEN: CONFIDENTIALITY OF INFORMATION AND ONWARD SHARING**

27. Except for disclosures in accordance with the MOU, including permissible uses of information under Article Six, each Authority will keep confidential to the extent permitted by law information shared under this MOU, requests made under this MOU, the contents of such requests, and any other matters arising under this MOU.
28. To the extent possible, the Requesting Authority will notify the Requested Authority of any legally enforceable demand for non-public information furnished under this MOU. Prior to compliance with the demand, the Requesting Authority intends to assert all appropriate legal exemptions or privileges with respect to such information as may be available.
29. In certain circumstances, and as required by law, it may become necessary for the Requesting Authority to share information obtained under this MOU with Governmental Entities. In these circumstances and to the extent permitted by law:
  - a) The Requesting Authority will notify the Requested Authority.

- b) Prior to passing on the information, the Requested Authority will receive adequate assurances concerning the Governmental Entity's use and confidential treatment of the information, including, as necessary, assurances that the information will not be shared with other parties without getting the prior consent of the Requested Authority.
- 30. Except as provided in paragraph 29, the Requesting Authority must obtain the prior written consent of the Requested Authority before disclosing non-public information received under this MOU to any non-signatory to this MOU. During an Emergency Situation, consent may be obtained in any form, including orally, provided such communication is confirmed in writing as promptly as possible following such notification. If consent is not obtained from the Requested Authority, the Requesting and Requested Authorities will consult to discuss the reasons for withholding approval of such use and the circumstances, if any, under which the intended use by the Requesting Authority might be allowed.
- 31. The Authorities intend that the sharing or disclosure of non-public information, including but not limited to deliberative and consultative materials, such as written analysis, opinions or recommendations relating to non-public information that is prepared by or on behalf of an Authority, pursuant to the terms of this MOU, will not constitute a waiver of privilege or confidentiality of such information.

**ARTICLE EIGHT: AMENDMENTS**

- 32. The Authorities will periodically review the functioning and effectiveness of cooperation arrangements with a view, *inter alia*, to expanding or altering the scope or operation of this MOU should that be judged necessary. This MOU may be amended with the written consent of both Authorities.

**ARTICLE NINE: EXECUTION OF MOU**

- 33. Cooperation in accordance with this MOU will become effective on the date this MOU is signed by the Authorities.

**ARTICLE TEN: TERMINATION**

- 34. Cooperation in accordance with this MOU will continue until the expiration of 30 days after either Authority gives written notice to the other Authority of its intention to terminate the MOU. If an Authority gives such notice, cooperation will continue with respect to all requests for assistance that were made under the MOU before the effective date of notification until the Requesting Authority terminates the matter for which assistance was requested. In the event of termination of this MOU, information obtained under this MOU will continue to be treated in a manner prescribed under Articles Six and Seven.

Signed:

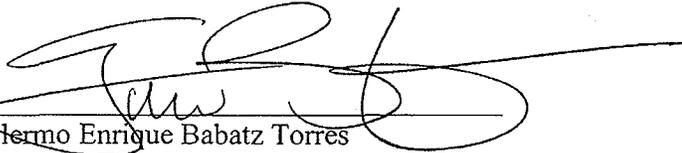


Mary L. Schapiro

Chairman

For the United States Securities and Exchange Commission

Date: 10.15.12



Guillermo Enrique Babatz Torres

President

For the Comisión Nacional Bancaria y de Valores of the United Mexican States

Date: 10.25.12

Appendix A

**CONTACT OFFICERS**

**US Securities and Exchange Commission**

100 F Street NE  
Washington, DC 20549  
USA

Attention:

Director, Office of International Affairs

Tel: (202) 551-6690

Fax: (202) 772-9273

---

**Comisión Nacional Bancaria y de Valores of the United Mexican States**

Insurgentes Sur #1971, South Tower, 11th Floor  
Mexico City, Mexico 01020

Attention:

Vice-President, Regulatory Policy

Tel: 52 (55) 1454-7940

Director General, International Affairs

Tel : 52 (55) 1454-6020

Fax.: 52 (55) 1454-6021