

# Temporary measures published by the Mexican Central Bank (Banco de Mexico) due to the COVID-19 coronavirus pandemic

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On April 9, 2020, the Mexican Central Bank (“Banxico”) published the rules detailed below in the Official Gazette of the Federation (*Diario Oficial de la Federación*), in order to grant operating support to financial institutions, in relation to the delivery of information and the suspension of monitoring visits.

- (A) **Rule 8/2020, addressed to credit institutions**, in relation to the fulfilment of their obligations in accordance with the Teller Transactions Rules (*Circular de Operaciones de Caja*), for the purposes of informing that:
- (a) Banxico shall abstain from initiating administrative procedures for imposing sanctions for breaches committed during the period from March 19, 2020 to April 30, 2020, resulting from the failure of banks to deliver suspected counterfeit pieces, within 20 banking business days, as well as in the recording of the result of the verification of claims in the Currency Authentication System (*Sistema de Autenticación de Moneda* or “SAM”), within 5 banking business days, as provided by the Teller Transactions Rules, respectively.
    - (i) The term is extended until May 31, 2020, for credit institutions to deliver to Banxico the information on Securities Transport Companies (*Empresas de Transporte de Valores*).
    - (ii) The operation between tellers and Users is limited to Tuesdays and Thursdays, until further notice.
- (B) **Rule 9/2020, addressed to credit institutions, regulated SOFOMES, and the National Financial Institution for Agricultural, Rural, Forestry and Fishing Development (*Financiera Nacional de Desarrollo Agropecuario, Rural, Forestal y Pesquero*)**, with the purpose of informing that in the event that the mentioned institutions have failed to, or do not, comply with their periodic information reporting obligations during the period between March 16 and May 31, 2020, set forth in the provisions and authorizations issued by Banxico, except for those corresponding to certain relevant information to assess and monitor the evolution of the institutions’ conditions in view of the volatility of the market and the internal and external situation, these institutions will not be subject to the administrative procedures for imposing sanctions.

The application of such exception rule shall be subject to the institutions providing the information specified in accordance with the following:

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- (a) Information that must be reported on a daily or weekly basis, must be sent no later than the business day following that on which it was due, or the business day following the date on which the corresponding term has expired, as the case may be.
  - (b) Information that must be reported monthly, must be sent no later than 5 business days following the date on which the corresponding term has expired.
  - (c) Information that must be reported bimonthly or quarterly, must be sent no later than 10 business days following the date on which the corresponding term has expired.

On the other hand, the confirmations that must be issued by the institutions in accordance with the “Rules for conducting derivatives transactions” (“*Reglas para la realización de operaciones derivadas*”) (Rule 4/2012), during the indicated period may be sent no later than the day following the corresponding transaction. The aforementioned also applies to confirmations related to repurchases and securities lending transactions.

- (C) Rule 10/2020, addressed to general deposit warehouses, brokerage houses and investment funds.** With the purpose of informing that in the event that the above-mentioned institutions have failed to, or do not, comply with their periodic information reporting obligations during the period from March 16 to May 31, 2020, as provided in the provisions and authorizations issued by the Mexican Central Bank, except for those corresponding to certain relevant information to assess and monitor the evolution of the institutions’ conditions in view of the volatility of the market and the internal and external situation, these institutions will not be subject to the administrative procedures for imposing sanctions.

The application of such exception rule shall be subject to the institutions providing the information specified in accordance with the following:

- (a) Information that must be reported on a daily or weekly basis, must be sent no later than the business day following that on which it was due, or the business day following the date on which the corresponding term has expired, as the case may be.
- (b) Information that must be reported monthly, must be sent no later than 5 business days following the date on which the corresponding term has expired.
- (c) Information that must be reported on a quarterly basis, must be sent no later than 10 business days following the date on which the corresponding term has expired.

As in Rule 9/2020 referred to hereinabove, this Rule also provides that confirmations to be issued by institutions in accordance with the provisions of the “Rules for derivative transactions” (Rule 4/2012), during the period indicated, may be sent no later than the day following the corresponding transaction. The aforementioned also applies to confirmations related to repurchases and securities lending transactions.

- (D) Rule 11/2020, addressed to general deposit warehouses, clearing houses, exchange houses, central securities counterparties, companies providing professional fund transfer services, companies providing remittance services, investment funds, bonding institutions, collective financing institutions, electronic payment fund institutions, insurance institutions, intermediaries being part of financial groups, market participants in exchange-listed derivatives contracts, credit information companies, investment companies specializing in retirement funds and non-regulated multiple purpose financial institutions (the “Entities”).**

In the aforementioned Rule, Banxico resolves that, in the event that the Entities have failed to, or do not, comply with their periodic information reporting obligations during the period between March 16 and May 31, 2020, except for those corresponding to the form applicable to exchange houses, these Entities will not be subject to the administrative procedures for imposing sanctions resulting from such breaches in accordance with the respective provisions.

The application of such exception rule shall be subject to the institutions providing the information specified in accordance with the following:

- (a) Information that must be reported on a daily or weekly basis, must be sent no later than the business day following that on which it was due, or the business day following the date on which the corresponding term has expired, as the case may be.

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- (b) Information that must be reported monthly, must be sent no later than 5 business days after the due date following the date on which the corresponding term has expired.
  - (c) Information that must be reported bimonthly or quarterly, must be sent no later than 10 business days following the date on which the corresponding term has expired.

As an exception to the above, exchange houses must regularly report information related to their Foreign Exchange Risk Position Regime (*Régimen de Posición de Riesgo Cambiario*) (ACLME - PDCC).

**(E) Rule 12/2020, addressed to entities subject to the supervision of the Mexican Central Bank.**

In accordance with this Rule, the Mexican Central Bank:

- (a) Considers the days between March 23 and April 30, 2020 as non-business days and, consequently, suspends the calculation of the terms corresponding to the proceedings and actions with respect to the administrative procedures for imposing sanctions, as well as those relating to the requests for information related to the aforementioned procedures, unless a specification to the contrary is made in the latter, so that such periods begin to count again as of May 4, 2020.
- (b) Suspends regular monitoring visits until April 30, 2020. Banxico will individually notify the entities with ongoing supervision procedures, on how to proceed after the end of the suspension.

All the aforementioned provisions shall enter into force and effect on April 10, 2020.

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