

Amendments to the General Provisions regarding the Operations of the Retirement Savings Systems CONSAR

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On May 15, 2020, the National Commission of the Retirement Savings System (CONSAR) published in the Federal Official Gazette, the amendments and additions to the General Provisions regarding the Operations of the Retirement Savings Systems ("Operations Circular"), in order to:

- (i) Further promote the efficiency and automation of the operating processes of the Retirement Savings System;
- (ii) Reduce administrative costs for the Retirement Fund Administrators (AFORES) and for the workers, especially in the AFORES' Back Office, to allow them to use and contract validation, control and management services that allow them to generate economies of scale and savings in the operation;
- (iii) Reduce administrative burdens and associated costs of filings by promoting the use of electronic storage and operating means; and
- (iv) Make the transfer process more efficient by eliminating the Transfer Certificate Sheet/Folio¹, since with the implementation of biometric authentication and other security mechanisms, the security objectives for this process are already being implemented.

Some of the more relevant amendments are the following:

1. The possibility of:

Use non face-to-face means for an AFORE to contact clients who have not started their pension procedures, as well as for workers to carry out the re-certification² process or submit the request for partial retirement due to unemployment or marriage assistance;

Provide the employee with a copy of the registration and transfer requests by any means of communication other than e-mail;

¹ This amendment shall enter into force 180 business days after the business day following the publication of the amendments to the Operations Circular.

² Process presented before the AFORE, through which the worker expressly states his or her will for the AFORE to continue with the administration of his or her individual account.

To keep at CONSAR's disposal, in an electronic way, the information, data or documents related to the different processes, services rendered, transactions and activities carried out by AFORES;

To implement, by AFORES, the use of electronic models to generate a folio that substitutes the state-of-accounts folio and the digitalized image of the state-of-accounts in the transfer procedures.

2. The contract for the administration of funds for the retirement that is entered into with an AFORE, shall be included in the registration and transfer applications, where it must be signed for its formalization. However, such contracts may continue to be used separately from registration and transfer applications until July 31, 2020.
3. The possibility for AFORES to hire promoter agents, support companies³ or financial technology companies⁴ authorized by CONSAR, for the purposes of opening, registering and transferring the individual accounts carried out by said AFORES.

AFORES retain responsibility for the registration and transfer processes they manage, hence they will be directly responsible for all activities carried out by the support companies or financial technology companies they hire, in addition to what was already provided for with respect to the responsibility derived from the acts of their promoter agents.

4. Support companies and financial technology companies, additionally can:
 - Facilitate the mobile registration process⁵.
 - Manage the re-certification.

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³ Those legal entities that are engaged by the operating companies or by AFORES, directly or through the operating companies, to provide window services to the workers to facilitate the mobile registration and other services authorized by CONSAR.

⁴ Entities regulated by a financial authority or the Authorized Companies referred to in the general provisions relating to companies authorized to operate novel models referred to in the Law to Regulate Financial Technology Institutions that offer financial products and services using information and communication technologies as the main elements of their processes.

⁵ The mobile registration is defined by the Operations Circular as the process that the worker performs through the Mobile Application, to choose which institution will administrate his or her individual account for the first time.