

Equity capital markets in Mexico: regulatory overview

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Country Q&A | [Law stated as at 01-Jul-2019](#) | Mexico

A Q&A guide to equity capital markets law in Mexico.

The Q&A gives an overview of main equity markets/exchanges, regulators and legislation, listing requirements, offering structures, advisers, prospectus/offer document, marketing, bookbuilding, underwriting, timetables, stabilisation, tax, continuing obligations and de-listing.

To compare answers across multiple jurisdictions, visit the equity capital markets [Country Q&A tool](#).

This Q&A is part of the global guide to equity capital markets law. For a full list of jurisdictional Q&As visit www.practicallaw.com/equitycapitalmarkets-guide.

Main equity markets/exchanges

1. What are the main equity markets/exchanges in your jurisdiction? Outline the main market activity and deals in the past year.

Main equity markets/exchanges

The Ministry of Finance (*Secretaría de Hacienda y Crédito Público*) granted Central de Corretajes (CENCOR), in August 2018, the authorisation to organise and operate a new stock exchange called the Institutional Stock Exchange (*Bolsa Institucional de Valores*) (BIVA). BIVA commenced operations in July 2018.

The only securities exchanges currently operating in Mexico are the Mexican Stock Exchange (*Bolsa Mexicana de Valores*) (www.bmv.com.mx) and the BIVA (www.biva.mx). Companies have the option to list their debt or capital securities on just one of the two exchanges, and their securities will be quoted on both.

Foreign companies can be listed in any of the two exchanges together with local companies. In addition to the local exchange, the two exchanges manage the International Trading System (*Sistema Internacional de Cotizaciones*), which is an electronic conduit to trade shares listed in other stock exchanges. In 2018, 170 new foreign companies were listed in the International Trading System.

Many non-Mexican companies are listed on the exchanges, such as:

- Anheuser-Busch Inbev (ABI).

- Banco Bilbao Vizcaya Argentaria (BBVA).
- Citigroup (C).
- Fresnillo (FRES).
- Banco Santander (SAN).
- Tenaris (TS).

Market activity and deals

Some of the most important IPOs on the Mexican Stock Exchange in the past two years were:

- GMéxico Transportes, S.A.B. de C.V. for MXN19,000 million (Global IPO).
- BECLE, S.A.B. de C.V. (Jose Cuervo) for MXN18,635 million (Global IPO).
- Banco del Bajío, S.A., Institución de Banca Múltiple for MXN8,791 million (Global IPO).
- Grupo Traxión, S.A.B. de C.V. for MXN4,543 million.
- RLH Properties, S.A.B. de C.V. for MXN2,414 million.

Other transactions on the exchanges in 2018 included the following:

- On March 2018, Promecap Acquisition Company, S.A.B. de C.V., issued the second special purpose acquisition company (SPAC) for MXN5,577.93 million (Global IPO).
- On May 2018, Sherpa Capital, S.A.P.I. de C.V., Asesor en Inversiones Independiente and Actinver Casa de Bolsa, S.A. de C.V., Grupo Financiero Actinver, División Fiduciaria issued an ETF called QVGMEX.
- Three new Fibras E were placed into the market called FCFE, FNAIM and INFRAEX.
- Three new Fibras (REITs) were placed into the market called STORAGE, EDUCA and FIBRAUP.
- Grupo Casa Saba, S.A.B. de C.V. and Rassini, S.A.B. de C.V. de-listed its shares from the Mexican Stock Exchange.

2. What are the main regulators and legislation that applies to the equity markets/exchanges in your jurisdiction?

Regulatory bodies

The National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*) (CNBV) is the main regulator of the Mexican Stock Exchange and the Institutional Stock Exchange (*Bolsa Institucional de Valores*) (BIVA).

Legislative framework

The main legal framework is as follows:

- Securities Market Law (*Ley del Mercado de Valores*).
- General regulations applicable to issuers of securities and other participants of exchange markets (*Disposiciones de carácter general aplicables a las emisoras y a otros participantes del Mercado de Valores*), issued by the CNBV (CNBV Regulations).
- Mexican Stock Exchange Internal Regulations (*Reglamento Interior de la Bolsa Mexicana de Valores*) (Mexican Stock Exchange Regulations).
- BIVA Internal Regulations (*Reglamento Interior de la Bolsa Institucional de Valores*) still pending authorisation from the CNBV.
- General regulations applicable to the stock exchange (*Disposiciones de carácter general aplicables a las Bolsas de Valores*), issued by the CNBV.
- General regulations applicable to broker-dealers (*Disposiciones de carácter general aplicables a las Casas de Bolsa*), issued by the CNBV.
- General regulations applicable to entities and issuers of securities regulated by the CNBV that contract external audit services for basic financial statements (*Disposiciones de carácter general aplicables a las entidades y emisoras supervisadas por la Comisión Nacional Bancaria y de Valores que contraten servicios de auditoría externa de estados financieros básicos*), issued by the CNBV.

Equity offerings

3. What are the main requirements for a primary listing on the main markets/exchanges?

Main requirements

A registration statement issued by the National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*) (CNBV) is required for any securities to be publicly offered in Mexico. To trade in the stock exchanges, the following must be registered with the National Registry of Securities (*Registro Nacional de Valores*) (RNV):

- The relevant securities.
- Any other information documents, such as the prospectus, legal opinion, financial statements and stock certificate.

The CNBV controls the RNV, which contains a database with relevant information concerning listed securities. All issuers must file information documents with the CNBV and the relevant stock exchange. Filings are made electronically through the CNBV and the stock exchanges' proprietary systems and only the final filing of authorised documents is made in printed form.

Companies listed on the stock exchanges can be:

- Incorporated as a limited liability corporation (*Sociedad Anónima Bursátil*) (SAB). This is the most common form for listed companies.
- Incorporated as a more flexible limited liability corporation created to support new business and ventures (*Sociedad Anónima Promotora de Inversión Bursátil*) (SAPIB). SAPIBs are used to support new businesses and to raise capital for new ventures and have more flexible listing requirements (*see below*). SAPIBs must be converted into SABs within two years of listing their shares.

All public companies must adopt minimum corporate governance requirements set out in the Securities Market Law, the CNBV Regulations and the relevant Stock Exchange Regulations, as well as complying with the commercial practices of financial markets.

Minimum size requirements

The following size limits apply:

- SABs: at least 200 shareholders.
- SAPIBs: at least 20 shareholders.

Trading record and accounts

There is no minimum trading record. Profits must be reported for:

- SABs: the previous three financial years.
- SAPIBs: the previous two financial years.

The working capital requirements are:

- SABs: UDI20 million (the Mexican *Unidad de Inversión* (UDI) is a unit of funds that reflects the value of Mexican pesos without considering the impact of inflation).
- SAPIBs: UDI15 million.

Minimum shares in public hands (free float)

The general public must hold:

- SABs: at least 15% of the capital shares.
- SAPIBs: at least 12% of the capital shares. In addition:
 - at least 50% of the capital shares must be distributed among investors who acquired no more than 5% of the listed securities; and
 - no investor can acquire more than 40% of the listed securities.

4. What are the main requirements for a secondary listing on the main markets/exchanges?

Main requirements

Secondary listings have the same requirements as IPOs.

Minimum size requirements

There is no minimum statutory size required specifically for secondary listings. In any case, at least 12% of the company's capital stock must be placed among the general public.

Trading record and accounts

There are no specific trading records or accounts.

Minimum shares in public hands (free float)

At least 12% of the company's capital stock must be placed among the general public.

5. What are the main ways of structuring an IPO?

The main ways to structure an IPO are through:

- A direct offering of the company's shares in the primary market, documented in share certificates.
- A Mexican trust issuing participation certificates (*certificados de participacion ordinaria*), where the shares of the company are transferred to the trust.

6. What are the main ways of structuring a subsequent equity offering?

The main ways of structuring a subsequent equity offering are through:

- The company issuing new shares (primary offering).
- A shareholder selling shares previously acquired (secondary offering).
- Mixed offerings that include primary and secondary offerings.

Subsequent offerings can be implemented through direct offerings of the company's shares or through a Mexican trust issuing participation certificates (*see Question 5*).

7. What are the advantages and disadvantages of rights issues/other types of follow on equity offerings?

Single stock rights issues

Several kinds of stock of a single issuer can be transferred to a trust with the purpose of issuing participations of this trust in the relevant stock exchange. This can include new and old securities, avoiding the need to perform an initial and secondary public offering. Issues of rights over stock will require an independent appraisal that can be costly.

Securities' baskets

Rights issues allow the construction of baskets containing different kinds of securities (that is, shares of different issuers). As a disadvantage, securities' baskets may be harder to value and rate than a specific security.

8. What are the main steps for a company applying for a primary listing of its shares? Is the procedure different for a foreign company and is a foreign company likely to seek a listing for shares or depositary receipts?

Procedure for a primary listing

A company applying for a primary listing of its shares must file:

- A registration statement.
- A prospectus.
- Opinions (such as the independent counsel's legal opinion and the independent auditor's opinion).
- Financial statements.
- Agreements (such as placement agreement, shareholders' agreement, if any, and other relevant agreements).
- Corporate resolutions.

These documents must be filed (along with other relevant documents) simultaneously with the National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*) (CNBV) and the relevant stock exchange.

The CNBV will then review and comment on these documents, and finally approve the documents. The Securities Market Law allows marketing of the securities after the relevant documents are filed. This allows the company to sell the securities through the relevant stock exchange.

Procedure for a foreign company

Foreign companies follow the same procedures as Mexican companies. A foreign company is likely to seek a listing for shares rather than a listing of depositary receipts.

Advisers: equity offering

9. Outline the role of advisers used and main documents produced in an equity offering. Does it differ for an IPO?

The main advisers of an equity offering (including an IPO) are the following:

- **Placement agent.** Placement agents are Mexican broker-dealers. They structure the deal, have contact with potential investors, build the book and communicate with regulators. The placement agents market the securities and are liable for most of the prospectus content.
- **Independent legal adviser.** The independent legal adviser issues the legal opinion that states the issuer company is in:
 - good standing;
 - a position to issue the securities.

The independent legal adviser usually reviews the offering documents and signs the prospectus to assume liability for the relevant legal information.

- **Independent accountant.** The independent accountant reviews the company's financial statements and issues an accountant's opinion of the company's audited financial statements. The independent accountant signs the prospectus and is liable in connection with the financial information contained in the prospectus.
- **Rating agencies.** Rating agencies will sometimes rate the securities, although this is not required for equity instruments. The rating agencies give comments on the preliminary forms of prospectus and other offering documents. They are not liable for the content of the prospectus.
- **Other advisers.** Depending on the complexity of the deal, the parties may hire additional advisers. For example, it is very common for the placement agents to have their own legal adviser, who does not sign the prospectus.

The main documents produced in an equity offering include:

- A registration request.

- Copies of powers of attorney of all documents' signatories.
- Corporate resolutions approving the public offering.
- A form of share certificate.
- Independence letters (statements issued by the independent legal advisers and the independent auditors confirming that they comply with the legal independence requisites, and do not to have a conflict of interest with the issuer).
- A legal opinion.
- A placement agreement.
- Placement notices.
- A prospectus.

In addition, for IPOs the following documents must be provided:

- Articles of incorporation.
- Bye-laws of the issuer company.
- Audited financial statements.

Equity prospectus/main offering document

10. When is a prospectus (or other main offering document) required? What are the main publication, regulatory filing or delivery requirements?

Prospectus (or other main offering document) required

A prospectus (as well as other documents) is required for all public equity offerings in the stock exchanges (*see Question 9*).

Main publication, regulatory filing or delivery requirements

Prospectuses must be:

- Published on the website of the corresponding stock exchange and on the issuer's website.
- Printed in hardcopy and available for investors at the issuer's offices.

11. What are the main exemptions from the requirements for publication or delivery of a prospectus (or other main offering document)?

The main exemptions from the requirement to publish a prospectus are for:

- Private placements.
- Listing securities without a public offering.

12. What are the main content or disclosure requirements for a prospectus (or other main offering document)? What main categories of information are included?

Only material information (information required to take an informed investment decision) must be disclosed in a prospectus. Generally, a prospectus must contain the following information:

- General information regarding the securities.
- An executive summary of the transaction.
- The risk factors for the investors as a consequence of their investment in the relevant securities.
- The main use of the funds to be obtained from the public offering.
- The structure of the company before and after the public offering.
- The distribution plan (securities marketing plan).
- Dilution risks (the risk of investors of being diluted with respect to their percentage of participation in the issuer's equity).
- Detailed information about the issuer company, such as:
 - a description of its businesses;
 - existing legal actions against the business;
 - its corporate structure and main shareholders.
- Financial information for the previous three years (or from the date of incorporation of the entity) concerning the issuer company and its group, as well as any other entity that contributed 10% or more to the issuer company's income or total sales in the previous year. The issuer can provide financial statements for the last fiscal year only (provided that the statements are not older than six months) in the following cases:
 - issuance of debt securities with a term equal to, or lower than, one year;
 - when the issuer is a limited liability corporation created to support new business and ventures (*Sociedad Anónima Promotora de Inversión Bursátil*);

- issuance of a restricted public offer.

Other exemptions may apply depending on the type of security.

- A description of the company's management structure and politics.
- A description of the company's main assets and liabilities.
- A description of the responsible parties and individuals that must provide information to the National Banking and Securities Commission and the relevant stock exchange.
- If any report, statistics or other information contained in the prospectus was prepared by an expert, a statement of this expert must be included, indicating that:
 - this information has been included; and
 - the expert consented to the inclusion of the information.

The generally accepted accounting standards in Mexico are the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board. All financial statements must be audited by an independent auditor in accordance with the International Standards on Auditing issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants. These standards are also applicable to financial statements of issuer companies where subsidiaries perform activities subject to the supervision of Mexican regulators.

The financial statements of non-Mexican issuer companies that are submitted to Mexican regulators must be prepared according to one of the following standards:

- IFRS issued by the International Accounting Standards Board.
- US Generally Accepted Accounting Principles (GAAP), including a complementary note explaining the differences between these principles and the IFRS.
- Accounting standards applicable in the country of the issuer company, including a complementary note explaining the differences between these standards and the IFRS.

13. How is the prospectus (or other main offering document) prepared? Who is responsible and/or may be liable for its contents?

The issuer prepares the prospectus and other offering documents, with the advice of the placement agent and other advisers (see [Question 9](#)). The following are liable for the contents provided within the scope of their professional expertise:

- The placement agent.

- Certain officers of the issuer, such as the managing director, the chief financial officer and/or any other officer signing the prospectus.
- The independent accountant.
- The independent legal adviser.

Other advisers may be liable, for example, for studies concerning a specific kind of assets or valuations of the company's assets.

The prospectus must contain all the "relevant information" of the issuer. The Securities Market Law and the CNBV Regulations define relevant information as all information required for investors to know the current and correct financial, economic or legal situation of the issuing company. The publication of a prospectus that either contains misleading information or does not contain all the relevant information of the issuing company is considered to be a distribution of misleading information, which can result in civil and criminal liability including:

- Imprisonment for five to ten years.
- Prohibition from working in the financial industry.
- Fine of between 100 to 5,000 times the amount of the minimum wage in Mexico City (MXN102.68).

Civil liability includes payment of compensatory damages and loss of future earnings.

Marketing equity offerings

14. How are offered equity securities marketed?

No offering or marketing of securities is allowed before filing the preliminary prospectus and the rest of the offering documents. Once these are filed with the National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*) (CNBV) and the Mexican Securities Exchange, the placement agent can:

- Start contacting potential investors.
- Reach clients through conference calls.
- Start the road show to market the securities (usually presentations by the issuer's senior management).

Trading of securities in the stock exchanges is allowed when the CNBV registers the relevant securities in the National Registry of Securities.

15. Outline any potential liability for publishing research reports by participating brokers/dealers and ways used to avoid such liability.

Potential liability risks range from criminal liability for disclosing privileged and confidential information, to administrative sanctions for breaching confidentiality. A way to avoid liability is not to disclose any deal-specific information. For such information to be mentioned in a relevant report, it must already be in the public domain.

Bookbuilding

16. Is the bookbuilding procedure used and in what circumstances? How is any related retail offer dealt with? How are orders confirmed?

Bookbuilding is the most popular marketing strategy for IPOs in Mexico. When placement agents market securities among institutional investors and financial intermediaries in the primary market, they usually use the bookbuilding system. Retail offers are managed directly by placement agents with their clients, usually through electronic auction systems.

Underwriting: equity offering

17. How is the underwriting for an equity offering typically structured? What are the key terms of the underwriting agreement and what is a typical underwriting fee and/or commission?

Underwriting agreements are typically structured either as:

- Best efforts (*mejores esfuerzos*), where the placement agent agrees to use best efforts to secure investors.
- A firm commitment (*en firme*), where the placement agent is responsible for unsold shares.

Firm commitment underwriting agreements are uncommon in Mexico. Greenshoe options (where underwriters receive the right to sell additional shares at the offering price, if demand for the securities exceeds the original amount offered) must be explicitly agreed or the placement agent will not be entitled to offer additional shares.

Stabilisation activities are permitted by the Securities Market Law and do not require a specific agreement (see [Question 19](#)). However, they can only be performed with funds obtained from securities sold after exercising a Greenshoe option. The common practice is to authorise main placement agents to enter into sub-placement or placement participation agreements with other broker-dealers. The fee varies depending on the complexity of the deal, but is usually between 1% and 2.5% of the total offering amount.

Timetable: equity offerings

18. What is the timetable for a typical equity offering? Does it differ for an IPO?

The timetable for a typical equity offering is as follows:

- The parties meet for a first meeting where they discuss general terms of the deal (week one).
- The placement agents meet with the National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*) (CNBV) and the relevant stock exchange to explain the deal (week three).
- Several versions of documents are prepared before a first filing version is agreed with the CNBV and the relevant stock exchange (week three).
- The placement agents start the road show and receive questions from prospective investors that will be included in or clarified by the second version of the offering documents (between weeks three and eight).
- Depending on the complexity of the deal, the CNBV and the relevant stock exchange take three to five weeks to comment on the offering documents (week eight).
- The parties include in the offering documents acceptable comments from the CNBV and the relevant stock exchange, as well as comments and questions from investors, and make a new filing (weeks nine to ten).
- The CNBV and the relevant stock exchange authorise the final version of the documents, and after filing final versions, the relevant securities are registered with the National Registry of Securities (week 12).
- Securities are traded in the relevant stock exchange (week 12).

The CNBV takes more time to analyse documents from first time issuers (such as in the case of IPOs), as they have no background concerning the companies' financial information or market behaviour. Subsequent offerings usually take less time than IPOs.

Stabilisation

19. Are there rules on price stabilisation and market manipulation in connection with an equity offering?

Only placement agents can perform stabilisation activities in the stock exchanges. Stabilisation activities can only be performed in the secondary market within 30 days after the offering. The placement agent can only use the funds it obtained from exercising a Greenshoe option.

Tax: equity issues

20. What are the main tax issues when issuing and listing equity securities?

Equity transactions in the stock exchanges accrue a 10% income tax. However, other taxes (such as value added tax) may apply. Each specific investor should review its applicable tax regime.

Continuing obligations

21. What are the main areas of continuing obligations applicable to listed companies and the legislation that applies?

In general terms, public companies have the following obligations:

- **Reporting obligations.** Public companies must provide annual reports. This information updates the prospectus and includes the company's annual audited financial statements. The annual reports also provide information about the company's:
 - capital structure;
 - board members that are holders of 1% or more of the company's capital shares;
 - investors that hold 5% or more of the company's capital shares;
 - ten principal stockholders.

Companies must also provide quarterly reports. This information is filed pursuant to certain forms provided by the National Banking and Securities Commission. These reports include the company's pro forma quarterly financial statements.

- **Information obligations.** Public companies have an obligation to inform investors, within specific time frames, about:
 - any shareholders' meetings;
 - corporate restructures;
 - mergers; and
 - any notices addressed to their shareholders.

- **Disclosure obligations.** Public companies must reveal to the general public any information that may affect the price or value of the shares (relevant events). Relevant events can include transactions such as those with related entities or individuals, the marketing of new products, the takeover of new businesses or the divestiture of assets. To determine if a specific event is relevant to investors, the company must consider if the event:
 - is equivalent in value to 5% or more of the company's assets, liabilities or consolidated capital;
 - amounts to 3% or more of the previous year's total sales.

If it is not possible to determine, the company must consider if the event constitutes relevant information for investors to make an investment decision, so as to understand the real situation of the company or what may affect the value of the shares.

- **Shareholder voting restrictions.** Voting restrictions in Mexican public companies (*Sociedad Anónima Bursátil*) are included in each specific company's bye-laws. Therefore, they should be analysed on a case-by-case basis.

22. Do the continuing obligations apply to listed foreign companies and to issuers of depository receipts?

The continuing obligations apply to listed foreign companies and issuers of depository receipts. If the relevant company has listed securities in other financial markets, it must disclose to investors of the stock exchanges the information disclosed to investors in those markets (see [Question 21](#)).

23. What are the penalties for breaching the continuing obligations?

The penalties for breaching the continuing obligations range from suspension or cancellation of listed securities to personal liability of individuals appointed to provide the information. If any relevant information is not disclosed, individuals aware of the information may face criminal liability, on the basis that existing information in the market could be considered false or misleading because of this omission.

Market abuse and insider dealing

24. What are the restrictions on market abuse and insider dealing?

Restrictions on market abuse/insider dealing

Any information in whole or in part that is not public and has, or may have, an impact on the value of specific listed stocks is deemed as "privileged information".

Any person or persons that have access to privileged information as a result of their position in the issuer, or as an adviser to the issuer, must maintain confidentiality over that privileged information until that information becomes public. The following actions are deemed to constitute insider trading/dealing (*abuso de información privilegiada*) under the Mexican Securities Law:

- Performing or instructing operations, directly or through another person, on any type of listed securities, where the price of those securities may be influenced by that privileged information.
- Transmitting privileged information to any other persons, unless those other persons are entitled to that privileged information as a result of their position with the issuer, or with an adviser of the issuer.
- Issuing recommendations on listed securities that may be influenced by that privileged information.

Penalties for market abuse/insider dealing

There are several criminal and civil penalties applicable to individuals who perform insider trading/dealing. The main penalties are as follows:

- Sharing privileged information with persons that have no right to know about it, or carrying out investment recommendations based on that privileged information, can be sanctioned with between two to six years' imprisonment.
- Persons who carry out operations on securities using privileged information, either directly or through a third party, who as a consequence of those operations either obtain a profit or avoid a loss, can be sanctioned as follows:
 - between two to six years' imprisonment when the amount of the profit obtained, or the loss avoided, is up to MXN10,268,000 at the time of the transaction;

- between four to 12 years' imprisonment when the amount of the profit obtained, or the loss avoided, exceeds MXN10,268,000 at the time of the transaction;
- a fine of an amount resulting from multiplying either one or two times the amount of the benefit obtained, plus a rate that is obtained from applying to that benefit a rate equal to the arithmetic average of the revenues generated by the ten investment companies in debt instruments with higher profitability during the six months before the operation date (where there is no benefit obtained, a fine of between 10% to 50% of the amount of the transaction is applied).

De-listing

25. When can a company be de-listed?

A public company can be de-listed either voluntarily or by order of the National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*) (CNBV).

De-listing

For voluntary de-listing, 95% of the company's shareholders convened at a shareholders' meeting must vote to de-list the company. The company must then launch a tender offer to purchase the shares. The company can avoid launching a tender offer if the price for the stock is lower than UDI300,000 (see [Question 3, Trading record and accounts](#)). (The Mexican Central Bank periodically publishes the value of UDIs.)

Tender offers require prior authorisation from the CNBV. The minimum time frame for a tender offer is 20 business days. The allocation of shares will be distributed among all shareholders that sold their shares until the end of the tender offer. The tender offer must be addressed to all shareholders, regardless of whether their shares have limited voting rights.

The CNBV can request de-listing of a specific security if:

- It does not comply with the relevant stock exchange listing requirements.
- The company has breached its obligations under the Securities Regulations.

If the CNBV orders the de-listing of a specific security, the company must launch a tender offer within the next 180 days addressed to all shareholders that are not members of the controlling group. The company must create a trust and transfer funds to that trust for the purpose of acquiring the shares of the shareholders that did not agree to the tender offer.

Only a few companies de-list their shares from the stock exchanges.

Suspensions

Issuers must comply with certain maintenance requirements of their listings established by the two Stock Exchanges' Internal Regulations. Once the relevant stock exchange has informed the CNBV of the breach by any issuer of these requirements, the issuer has ten business days to file a programme to remedy that breach.

The relevant stock exchange can suspend the listing of the shares of a company if:

- The issuer does not file the programme.
- The programme filed is not satisfactory to remedy the breach of the rules of the relevant stock exchange.
- The issuer does not make significant progress in remedying the breach.

The most common cause of suspension of a listing by the stock exchanges is the failure to file financial reports of the issuer.

Reform

26. Are there any proposals for reform of equity capital markets/exchanges? Are these proposals likely to come into force and, if so, when?

On March 2018, the Congress approved the initiative of the Law to Regulate Financial Technology Institutions (also known as the Fintech Law). The Fintech Law will regulate, among other things:

- The organisation and operation of financial technology institutions, which may be collective financing institutions (known as crowdfunding platforms, or better known as electronic payment funds institutions such as e-money platforms, such as "e-wallet").
- Virtual assets or cryptocurrency.
- The obligation of financial entities to establish programming interfaces for applications, or application programming interfaces (APIs).
- Temporary authorisations to carry out operations of financing through "novelty models".

Within the following months the CNBV, the Ministry of Finance and the Central Bank of Mexico (*Banco de Mexico*) will issue the secondary legislation to the Fintech Law meant to regulate the crowdfunding and electronic payment entities.

On January 2018, new investment regulations to pension funds were issued allowing pension funds to invest (subject to certain requirements):

- In warrants and shares issued by special purpose acquisition companies (SPACs).

- In project investment certificates (*certificados de proyectos de inversión*) (CERPI) holding investments outside on the Mexican territory, as long as such CERPI invests at least 10% of its funds in the Mexican territory.

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Professional qualifications. Mexico, 1995

Areas of practice. Banking and finance; capital markets; mergers and acquisitions; private equity.

Recent transactions

- Represented Prudential (insurance companies) in the acquisition of notes issued by different clients, either in secured or unsecured private placements.
- Represented Axis in the issuance of several hybrid securities (CKDs) for total capital commitments of MXN8,450 million, MXN4,000 million and MXN2,500 million.
- Represented Bulltick Casa de Bolsa as placement agent in the IPO of Proteak Uno, which was the first SAPIB to publicly issue equity.

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Professional qualifications. Mexico, 2003

Areas of practice. Banking and finance; capital markets; real estate finance; mergers and acquisitions; private equity.

Recent transactions

- Represented Desarrollos Delta and O'Donnell in the issuance of structured notes (CKDs) in 2008. First public offering for both companies.
- Represented BBVA Bancomer, as placement agent, in the issuance of Fibra Nova (REIT Nova).
- Represented Prudential (insurance companies) in the acquisition of notes issued by different clients, either in secured or unsecured private placements.
- Represented Axis in the issuance of several hybrid securities (CKDs) for total capital commitments of MXN8,450 million, MXN4,000 million and MXN2,500 million.
- Represented Desarrolladora y Operadora de Infraestructura de Oaxaca, S.A.P.I. de C.V. in the securitisation of collection rights stemming from a public-private partnership services agreement for the amount of MXN5,000 million.

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