

MEMO# 5929

June 2, 1994

MEXICO ISSUES FINAL REGULATIONS FOR ESTABLISHING AFFILIATES IN MEXICO

June 2, 1994 TO: INTERNATIONAL COMMITTEE NO. 9-94 RE: MEXICO ISSUES FINAL
REGULATIONS FOR ESTABLISHING AFFILIATES IN MEXICO

Attached for your information is the English version of the "Regulations for the Establishment of Affiliates of Foreign Financial Institutions" that were published in Mexico's Diario Oficial on April 21, 1994. During the NAFTA negotiations the Institute obtained, through the Treasury Department, confirmation from the Mexican government that after NAFTA was implemented a U.S. firm could establish a wholly-owned affiliate in Mexico to sponsor, advise, and distribute Mexican mutual funds. The new regulations prescribe the requirements for applications to establish these affiliates. Institute staff members plan to meet this summer with representatives of Mexico's Comision Nacional De Valores to discuss issues that concern members interested in managing Mexican mutual funds. We expect to discuss both issues arising under these regulations as well as the extent to which mutual funds organized in Mexico will be permitted to invest in non- Mexican securities. (It appears that current law prohibits investment in non-Mexican securities by Mexican mutual funds.) If you have concerns about the new regulations or about any other issues relating to the management of Mexican mutual funds, please call me at 202-326-5826. We will keep you informed of developments. Mary S. Podesta Associate Counsel - International Attachment

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