

MEMO# 4421

January 14, 1993

NAFTA - MEXICO

January 14, 1993 TO: BOARD OF GOVERNORS NO. 4-93 RE: NAFTA - MEXICO

As you know, the Institute has worked in recent months to ensure that the North American Free Trade Agreement will permit U.S. investment management firms to enter the Mexican mutual fund market. We are pleased to report that, at the Institute's request, the Department of Treasury has confirmed with the Mexican government their understanding that U.S. firms will be able to establish wholly-owned Mexican mutual fund operating companies following implementation of the NAFTA. Such mutual fund operating companies will be able to organize Mexican funds, and provide investment advisory, transfer agency and distribution services for a fee based on a percentage of fund assets. Mutual fund operating companies need not be affiliated with a Mexican bank or securities firm in order to engage in these activities. Attached is a copy of the correspondence. We will keep you informed of developments. Matthew P. Fink President Attachment

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