

# RESOLUTION THAT MODIFIES THE GENERAL PROVISIONS APPLICABLE TO SECURITIES ISSUERS AND OTHER PARTICIPANTS OF THE SECURITIES MARKET

JANUARY 2025

## BACKGROUND

Dated as of July 24th, 2017, and July 23rd, 2021, respectively, some guidelines were published in the Federal Official Gazette (hereinafter, the “DOF”, as per its acronym in Spanish) that modify the “Resolution that amends the general Provisions applicable to brokerage firms” and the “Resolution that amends the general Provisions applicable to credit institutions”. The publication of those resolutions adjusted the accounting criteria applicable to brokerage firms regarding their investments in securities held to maturity, extending: (i) its sales period; or (ii) its classification prior to maturity. In addition, the lower risk incurred by credit institutions when granting loans to women was incorporated in the methodology for estimating preventive reserves and in the rating of non-revolving consumer and home mortgage loan portfolios, adjusting the risk parameters for probability of default and loss severity.

## PUBLICATION OF THE RESOLUTION

On January 28th, 2025, the Resolution that amends the general Provisions applicable to securities issuers and other participants of the securities market (hereinafter, the “Resolution”) was published on the DOF. This publication is part of the efforts of the National Banking and Securities Commission (hereinafter, the “CNBV”, as per its acronym in Spanish) to update the regulatory framework based

on international standards and, in turn, to foster the development of a more transparent and sustainable securities market.

The Resolution comes from a technical and regulatory analysis made by the CNBV with the purpose of incorporating elements of sustainability elements amongst the obligations of the securities issuers and aligning the regulatory framework to the International Financial Reporting Standards (hereinafter, “IFRS”) on Sustainability Information Disclosure (hereinafter, “IFRS-S”) in order to contribute to guide capital flows towards investments that encourage economic development, promoting environmental and social sustainability, transparency and long-term strategies in the financial and economic activities of issuers, thus providing the investing public with better tools to make decisions based on measurable and comparable information. The key points of the Resolutions are described below:

## I. OBLIGATION TO DISCLOSE SUSTAINABILITY-RELATED INFORMATION

One of the most important amendments made to the Resolution is that now it includes the obligation for securities issuers to provide a sustainability report. Said report must include information about the risks and opportunities related to governance, strategy and sustainability metrics that may affect issuers’ cash flows, access to financing or costs of capital.

The sustainability report must be aligned with IFRS-S1, General Requirements for Disclosure of Sustainability-related Financial Information, and IFRS-S2, Climate-related Disclosures, both issued by the International Sustainability Standards Board. Foreign issuers may present information based on local regulations, so long as they include explanations about the interoperability with IFRS.

The Resolution is an important step forward for the business sector in Mexico, whose observance and gradual implementation will allow them not only to be in compliance with the corresponding provisions, but also to have access to greater financing and, in turn, consolidate their commitment as promoters of sustainable actions in favor of the community.

## **II. GENERAL DISCLOSURE REQUIREMENTS**

Issuers must comply with the following periodic disclosure requirements:

- Submit annually a sustainability report, assured by an external auditor starting in 2027.
- Provide quarterly financial information within 20 (twenty) business days after the end of the respective quarters.
- Submit audited annual financial statements by June 30th of the following year.

## **TERM AND CONDITIONS**

The Resolution became effective on January 29th, 2025. Beginning in 2026, issuers will be required to present a sustainability report for the 2025 fiscal year. This report will not require an initial assurance, but in 2027 it must have limited assurance and from 2028 reasonable assurance by an external auditor will be mandatory.

In addition, the registry of securities may be cancelled at the request of the issuer or the brokerage firm, always with the favorable opinion of the latter. In the case of asset-backed or debt-backed securities, the issuer must previously comply with all its obligations or have the approval of the holders' meeting to carry on with the cancellation.

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