

NEW REGULATIONS FOR SIMPLIFIED ISSUERS ON STOCK EXCHANGES

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Executive Summary

- An update to the internal regulations of the Bolsa Mexicana de Valores, S.A.B. de C.V., and the Bolsa Institucional de Valores, S.A. de C.V., regarding simplified issuers
- Applicable Regulatory Framework and Characteristics of Simplified Issuers.
- Listing and Placement Procedure; and
- Relevance of the Reform.

Regulatory Framework for Simplified Issuers

Following the publication of amendments to the General Provisions applicable to securities issuers in the Official Gazette of the Federation ("DOF") on 28 January 2025, and in order to complete the issuance of regulations for simplified issuers that began in 2024, the National Banking and Securities Commission ("CNBV") approved a reform to the Internal Regulations of the Bolsa Mexicana de Valores, S.A.B. de C.V. ("BMV") and the Bolsa Institucional de Valores, S.A. de C.V. ("BIVA"). This amendment establishes a specific, simplified regime for "Simplified Issuers". The most recent versions of these regulations can be found on the websites of each stock exchange.

Simplified Issuers are legal entities that register their securities under a simplified process in the National Securities Registry. This group includes certain trust institutions, provided the trust assets do not originate from traditional issuers. The amendment distinguishes these issuers from traditional ones by establishing a dedicated regulatory framework. This is evident in the prohibition on using the proceeds from their placements to meet the securities obligations of companies within the same group, as well as in the

establishment of a specific listing process without the possibility of preventive registration, to prevent possible misuse or financial risks.

Additionally, Simplified Issuers may list various types of securities, including shares, debt instruments, asset-backed securities, and structured securities. The financial reporting requirements for registration vary depending on the issuer's level. For instance, Level I Simplified Issuers are required to submit audited financial statements for the previous financial year, in addition to internal quarterly statements. Level II Issuers and those that issue shares must submit audited financial statements from the previous two financial years, as well as quarterly financial statements. For certain instruments, it is mandatory to have a credit quality opinion issued by an authorised institution.

Listing and Placement Procedure

The listing process requires applying for either the BMV or BIVA stock exchange through their respective electronic platforms, "Emisnet" or "DIV". This application must include all specific documentation for Simplified Issuers as detailed in the regulations. The regulations distinguish between issuers that comply

with Article 10 of the General Provisions for Simplified Issuers and those that do not, with the assistance of a placement intermediary. The relevant stock exchange evaluates and rates the documentation, issuing a favourable opinion when the requirements are met. A novel aspect of this reform is the elimination of the obligation to make a public offering for securities registered and listed as a result of mergers or spin-offs of Simplified Issuers. To balance transparency with confidentiality, applicants may request that their application and supporting documentation are not made publicly available, unless this information is already accessible to the public through other means.

Additionally, this amendment promotes the modernization of the Mexican securities market, enabling greater diversity of instruments and more streamlined processes, such as authorizing mergers and spin-offs without requiring a public offering, while adapting to the needs of a constantly evolving financial market. This development not only creates new opportunities for companies seeking financing but also positions the BMV and BIVA as more inclusive and dynamic markets.

Relevance of the Reform.

This amendment significantly strengthens the regulatory framework for companies with less complex structures or those in growth phases to access the stock market. Previously, these companies faced significant regulatory barriers when listing their securities. Establishing a clear and specific regulatory framework for Simplified Issuers ensures legal certainty for issuers, investors, and market participants regarding their rights, obligations, and procedures.

It also protects investors through rigorous financial reporting requirements and prohibitions on the misuse of resources, which helps to strengthen transparency and confidence in the market.

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