

ANNEX VII

PART A

Schedule of Mexico

SECTOR: Financial Services

SUB-SECTOR: Financial Holding Companies

INDUSTRY CLASSIFICATION: Not applicable

TYPE OF RESERVATION: Articles 1404, 1407 (Establishment,
National Treatment)

MEASURE: Aggregate limits on foreign ownership

LEVEL OF GOVERNMENT: Federal

LEGAL CITATION: Ley para Regular las Agrupaciones Financieras
(Law Regulating
Financial Groups), Art. 18

DESCRIPTION: Aggregate foreign investments in
financial holding companies are limited to 30% of common stock
capital
(capital ordinario). These limits do not apply to financial
holding
companies established pursuant to Parts B and C of the Schedule
of
Mexico.

DURATION: Indeterminate

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ANNEX VII

PART A

Schedule of Mexico

SECTOR: Financial Services

SUB-SECTOR: Commercial Banks (Instituciones de Crédito)

INDUSTRY CLASSIFICATION: 811030

TYPE OF RESERVATION: Articles 1404, 1407 (Establishment,
National Treatment)

MEASURE: Aggregate limits on foreign ownership

LEVEL OF GOVERNMENT: Federal

LEGAL CITATION: Ley de Instituciones de Crédito (Law of the
Credit
Institutions), Arts. 11 y 15

DESCRIPTION: Aggregate foreign investments in
commercial banks are limited to 30% of common stock capital
(capital
ordinario). These limits do not apply to Foreign Financial
Affiliates
established pursuant to Part B of the Schedule of Mexico.

DURATION: Indeterminate

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ANNEX VII

PART A

Schedule of Mexico

SECTOR: Financial Services

SUB-SECTOR: Securities Firms (Casas de Bolsa)

INDUSTRY CLASSIFICATION: 812001

TYPE OF RESERVATION: Articles 1404, 1407 (Establishment,
National Treatment)

MEASURE: Limitations on foreign ownership

LEVEL OF GOVERNMENT: Federal

LEGAL CITATION: Ley del Mercado de Valores (Law of the Stock
Market),
Art. 17-II

DESCRIPTION: Aggregate foreign investments in
securities firms are limited to 30% of capital (capital social)
and
individual foreign investments are limited to 10% of capital,
while
individual investments by Mexicans may, with approval from the
Ministry
of Finance and Public Credit, rise to 15% of capital. These
limits do not
apply to Foreign Financial Affiliates established pursuant to
Part B of the
Schedule of Mexico.

DURATION: Indeterminate

ANNEX VII

PART A

Schedule of Mexico

SECTOR: Financial Services

SUB-SECTOR: Securities Specialists (Especialistas Burs tiles)

INDUSTRY CLASSIFICATION: 812001

TYPE OF RESERVATION: Articles 1404, 1407 (Establishment,
National Treatment)

MEASURE: Limitations on foreign ownership

LEVEL OF GOVERNMENT: Federal

LEGAL CITATION: Ley del Mercado de Valores (Law of the Stock
Market),
Art. 17-II

DESCRIPTION: Aggregate foreign investments in
securities specialists are limited to 30% of capital (capital
social) and
individual foreign investments are limited to 10% of capital,
while
individual investments by Mexicans may, with approval from the
Ministry
of Finance and Public Credit, rise to 15% of capital. These
limits do not
apply to Foreign Financial Affiliates established pursuant to
Part B of the
Schedule of Mexico.

DURATION: Indeterminate

ANNEX VII

PART A

Schedule of Mexico

SECTOR: Financial Services

SUB-SECTOR: General Deposit Warehouses (Almacenes Generales de
Depósito)

INDUSTRY CLASSIFICATION: 811042

TYPE OF RESERVATION: Articles 1404, 1407 (Establishment,
National Treatment)

MEASURE: Aggregate limits on foreign ownership

LEVEL OF GOVERNMENT: Federal

LEGAL CITATION: Ley General de Organizaciones y Actividades
Auxiliares del

Crédito (General Law of Auxiliary Credit
Organizations and
Activities), Art. 8-III-1

DESCRIPTION: Foreign participation must be less
than 50% of paid-in capital (capital pagado). These limits do
not apply to
Foreign Financial Affiliates established pursuant to Part B of
the
Schedule of Mexico.

DURATION: Indeterminate

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ANNEX VII

PART A

Schedule of Mexico

SECTOR: Financial Services

SUB-SECTOR: Financial Leasing Companies (Arrendadoras
Financieras)

INDUSTRY CLASSIFICATION: 811043

TYPE OF RESERVATION: Articles 1404, 1407 (Establishment,
National Treatment)

MEASURE: Aggregate limits on foreign ownership

LEVEL OF GOVERNMENT: Federal

LEGAL CITATION: Ley General de Organizaciones y Actividades
Auxiliares del

Crédito (General Law of Auxiliary Credit
Organizations and
Activities), Art. 8-III-1

DESCRIPTION: Foreign participation must be less
than 50% of paid-in capital (capital pagado). These limits do

not apply to
Foreign Financial Affiliates established pursuant to Part B of
the
Schedule of Mexico.
DURATION: Indeterminate
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ANNEX VII

PART A

Schedule of Mexico

SECTOR: Financial Services

SUB-SECTOR: Financial Factoring Companies (Empresas de Factoraje
Financiero)

INDUSTRY CLASSIFICATION: Not applicable

TYPE OF RESERVATION: Articles 1404, 1407 (Establishment,
National Treatment)

MEASURE: Aggregate limits on foreign ownership

LEVEL OF GOVERNMENT: Federal

LEGAL CITATION: Ley General de Organizaciones y Actividades
Auxiliares del
Crédito (General Law of Auxiliary Credit
Organizations and
Activities), Art. 8-III-1

DESCRIPTION: Foreign participation must be less
than 50% of paid-in capital (capital pagado). These limits do
not apply to
Foreign Financial Affiliates established pursuant to Part B of
the
Schedule of Mexico.

DURATION: Indeterminate
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ANNEX VII

PART A

Schedule of Mexico

SECTOR: Financial Services

SUB-SECTOR: Credit Unions (Uniones de Crédito)

INDUSTRY CLASSIFICATION: 811041

TYPE OF RESERVATION: Articles 1404, 1407 (Establishment,
National Treatment)

MEASURE: Limitation on foreign ownership

LEVEL OF GOVERNMENT: Federal

LEGAL CITATION: Ley General de Organizaciones y Actividades
Auxiliares del
Crédito (General Law of Auxiliary Credit
Organizations and
Activities), Art. 8-III-1

DESCRIPTION: Foreign capital investment in these
entities is prohibited. This limitation does not apply to
Foreign
Financial Affiliates established pursuant to Part B of the
Schedule of
Mexico.

DURATION: Indeterminate

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ANNEX VII

PART A

Schedule of Mexico

SECTOR: Financial Services

SUB-SECTOR: Foreign Exchange Firms (Casas de Cambio)

INDUSTRY CLASSIFICATION: 811044

TYPE OF RESERVATION: Articles 1404, 1407 (Establishment,
National Treatment)

MEASURE: Limitation on foreign ownership

LEVEL OF GOVERNMENT: Federal

LEGAL CITATION: Ley General de Organizaciones y Actividades
Auxiliares del
Crédito (General Law of Auxiliary Credit
Organizations and
Activities), Art. 82-III

DESCRIPTION: Foreign investors may not participate
in the capital of these entities. This limitation does not apply

to
Foreign Financial Affiliates established pursuant to Part B of
the
Schedule of Mexico.

DURATION: Indeterminate

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ANNEX VII

PART A

Schedule of Mexico

SECTOR: Financial Services

SUB-SECTOR: Financial Agents (Comisionistas Financieros)

INDUSTRY CLASSIFICATION: 811045

TYPE OF RESERVATION: Articles 1404, 1407 (Establishment,
National Treatment)

MEASURE: Limitation on foreign ownership

LEVEL OF GOVERNMENT: Federal

LEGAL CITATION: Ley de Instituciones de Crédito (Law of Credit
Institutions),

Art. 92 Reglas de SHCP (Regulations of the
Ministry of Finance
and Public Credit)

DESCRIPTION: Foreign investors may not participate
in the capital of these entities. This limitation does not apply
to
Foreign Financial Affiliates established pursuant to Part B of
the
Schedule of Mexico.

DURATION: Indeterminate

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ANNEX VII

PART A

Schedule of Mexico

SECTOR: Financial Services

SUB-SECTOR: Bonding Companies (Instituciones de Fianzas)

INDUSTRY CLASSIFICATION: 813001

TYPE OF RESERVATION: Articles 1404, 1407 (Establishment,
National Treatment)

MEASURE: Aggregate limits on foreign ownership

LEVEL OF GOVERNMENT: Federal

LEGAL CITATION: Ley Federal de Instituciones de Fianzas (Federal
Law of
Bonding Companies), Art. 15-XIII

DESCRIPTION: Foreign participation must be less
than 50% of paid-in capital (capital pagado). These limits do
not apply to
Foreign Financial Affiliates established pursuant to Part B of
the
Schedule of Mexico.

DURATION: Indeterminate

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ANNEX VII

PART A

Schedule of Mexico

SECTOR: Financial Services

SUB-SECTOR: Insurance Companies (Instituciones de Seguros)

INDUSTRY CLASSIFICATION: 813002

TYPE OF RESERVATION: Articles 1404, 1407 (Establishment,
National Treatment)

MEASURE: Aggregate limits on foreign ownership

LEVEL OF GOVERNMENT: Federal

LEGAL CITATION: Ley General de Instituciones y Sociedades
Mutualistas de
Seguros (General Law on Insurance Institutions
and Mutual
Societies), Art. 29-I

DESCRIPTION: Foreign participation must be less than 50% of paid-in capital (capital pagado). These limits do not apply to Foreign Financial Affiliates established pursuant to Part B of the Schedule of Mexico.

DURATION: Indeterminate

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ANNEX VII

PART A

Schedule of Mexico

SECTOR: Financial Services

SUB-SECTOR: Financial Holding Companies

INDUSTRY CLASSIFICATION: Not applicable

TYPE OF RESERVATION: Limitation on foreign ownership

MEASURE: Articles 1404, 1407 (Establishment, National Treatment)

LEVEL OF GOVERNMENT: Federal

LEGAL CITATION: Ley para Regular las Agrupaciones Financieras
(Law Regulating
Financial Groups), Art. 18

DESCRIPTION: Foreign governments and foreign state enterprises or their investments may not invest, directly or indirectly, in a financial holding company.

DURATION: Indeterminate

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ANNEX VII

PART A

Schedule of Mexico

SECTOR: Financial Services

SUB-SECTOR: Commercial Banks (Instituciones de Crédito)

INDUSTRY CLASSIFICATION: 811030

TYPE OF RESERVATION: Articles 1404, 1407 (Establishment,
National Treatment)

MEASURE: Limitation on foreign ownership

LEVEL OF GOVERNMENT: Federal

LEGAL CITATION: Ley de Instituciones de Crédito (Law of Credit
Institutions),
Art. 15

DESCRIPTION: Foreign entities that exercise
governmental functions may not invest, directly or indirectly,
in a
commercial bank.

DURATION: Indeterminate

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ANNEX VII

PART A

Schedule of Mexico

SECTOR: Financial Services

SUB-SECTOR: Securities Firms (Casas de Bolsa)

INDUSTRY CLASSIFICATION: 812001

TYPE OF RESERVATION: Articles 1404, 1407 (Establishment,
National Treatment)

MEASURE: Limitation on foreign ownership

LEVEL OF GOVERNMENT: Federal

LEGAL CITATION: Ley del Mercado de Valores (Law of the Stock
Market),
Art. 17-II-b

DESCRIPTION: Foreign governments and foreign state
enterprises or their investments may not invest, directly or
indirectly, in
a securities firm.

DURATION: Indeterminate

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ANNEX VII

PART A

Schedule of Mexico

SECTOR: Financial Services

SUB-SECTOR: Securities Specialists (Especialistas Burs tiles)

INDUSTRY CLASSIFICATION: Not applicable

TYPE OF RESERVATION: Articles 1404, 1407 (Establishment,
National Treatment)

MEASURE: Limitation on foreign ownership

LEVEL OF GOVERNMENT: Federal

LEGAL CITATION: Ley del Mercado de Valores (Law of the Stock
Market),
Art. 17-II

DESCRIPTION: Foreign governments and foreign state
enterprises or their investments may not invest, directly or
indirectly, in
a securities specialist.

DURATION: Indeterminate

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ANNEX VII

PART A

Schedule of Mexico

SECTOR: Financial Services

SUB-SECTOR: General Deposit Warehouses (Almacenes Generales de
Depósito)

INDUSTRY CLASSIFICATION: 811042

TYPE OF RESERVATION: Articles 1404, 1407 (Establishment,
National Treatment)

MEASURE: Limitation on foreign ownership

LEVEL OF GOVERNMENT: Federal

LEGAL CITATION: Ley General de Organizaciones y Actividades
Auxiliares del
Crédito (General Law of Auxiliary Credit
Organizations and
Activities), Art. 8-III-1

DESCRIPTION: Foreign governments and foreign state
enterprises or their investments may not invest, directly or
indirectly, in
a general deposit warehouse.

DURATION: Indeterminate

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ANNEX VII

PART A

Schedule of Mexico

SECTOR: Financial Services

SUB-SECTOR: Financial Leasing Companies (Arrendadoras
Financieras)

INDUSTRY CLASSIFICATION: 811043

TYPE OF RESERVATION: Articles 1404, 1407 (Establishment,
National Treatment)

MEASURE: Limitation on foreign ownership

LEVEL OF GOVERNMENT: Federal

LEGAL CITATION: Ley General de Organizaciones y
Actividades Auxiliares del Crédito (General Law
of Auxiliary
Credit organizations and Activities), Art. 8-
III-1

DESCRIPTION: Foreign governments and foreign state
enterprises or their investments may not invest, directly or
indirectly, in
a financial leasing company.

DURATION: Indeterminate

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ANNEX VII

PART A

Schedule of Mexico

SECTOR: Financial Services

SUB-SECTOR: Financial Factoring Companies (Empresas de Factoraje Financiero)

INDUSTRY CLASSIFICATION: Not applicable

TYPE OF RESERVATION: Articles 1404, 1407 (Establishment, National Treatment)

MEASURE: Limitation on foreign ownership

LEVEL OF GOVERNMENT: Federal

LEGAL CITATION: Ley General de Organizaciones y Actividades Auxiliares del Crédito (General Law of Auxiliary Credit Organizations and Activities), Art. 8-III-1

DESCRIPTION: Foreign governments and foreign state enterprises or their investments may not invest, directly or indirectly, in a financial factoring company.

DURATION: Indeterminate

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ANNEX VII

PART A

Schedule of Mexico

SECTOR: Financial Services

SUB-SECTOR: Savings and Loan Companies (Sociedades de Ahorro y Préstamo)

INDUSTRY CLASSIFICATION: 811046

TYPE OF RESERVATION: Articles 1404, 1407 (Establishment, National Treatment)

MEASURE: Limitation on foreign ownership

LEVEL OF GOVERNMENT: Federal

LEGAL CITATION: Ley General de Organizaciones y Actividades
Auxiliares del
Crédito (General Law of Auxiliary Credit
Organizations and
Activities), Art. 38-G

DESCRIPTION: Foreign governments and foreign state
enterprises or their investments may
not invest, directly or indirectly, in
a savings and loan company.

DURATION: Indeterminate

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ANNEX VII

PART A

Schedule of Mexico

SECTOR: Financial Services

SUB-SECTOR: Managing Companies of Investment Companies
(Sociedades Operadoras
de Sociedades de Inversión)

INDUSTRY CLASSIFICATION: 812003

TYPE OF RESERVATION: Articles 1404, 1407 (Establishment,
National Treatment)

MEASURE: Limitation on foreign ownership

LEVEL OF GOVERNMENT: Federal

LEGAL CITATION: Ley de Sociedades de Inversión (Law of
Investment Companies),
Art. 29-VI

DESCRIPTION: Foreign governments and foreign state
enterprises or their investments may not invest, directly or
indirectly, in
an operator of an investment company.

DURATION: Indeterminate

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ANNEX VII

PART A

Schedule of Mexico

SECTOR: Financial Services

SUB-SECTOR: Investment Companies (Sociedades de Inversión)

INDUSTRY CLASSIFICATION: 812002

TYPE OF RESERVATION: Articles 1404, 1407 (Establishment,
National Treatment)

MEASURE: Limitation on foreign ownership

LEVEL OF GOVERNMENT: Federal

LEGAL CITATION: Ley de Sociedades de Inversión (Law of
Investment Companies),
Art. 9-III

DESCRIPTION: Foreign governments and foreign state
enterprises or their investments may not invest, directly or
indirectly, in
an investment company.

DURATION: Indeterminate

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ANNEX VII

PART A

Schedule of Mexico

SECTOR: Financial Services

SUB-SECTOR: Bonding Companies (Instituciones de Fianzas)

INDUSTRY CLASSIFICATION: 813001

TYPE OF RESERVATION: Articles 1404, 1407 (Establishment,
National Treatment)

MEASURE: Limitation on foreign ownership

LEVEL OF GOVERNMENT: Federal

LEGAL CITATION: Ley Federal de Instituciones de Fianzas (Federal
Law of
Bonding Companies), Art. 15 bis-IV-a

DESCRIPTION: Foreign governments and foreign state

enterprises or their investments may not invest, directly or indirectly, in a bonding company.

DURATION: Indeterminate

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ANNEX VII

PART A

Schedule of Mexico

SECTOR: Financial Services

SUB-SECTOR: Insurance Companies (Instituciones de Seguros)

INDUSTRY CLASSIFICATION: 813002

TYPE OF RESERVATION: Articles 1404, 1407 (Establishment, National Treatment)

MEASURE: Limitation on foreign ownership

LEVEL OF GOVERNMENT: Federal

LEGAL CITATION: Ley General de Instituciones y Sociedades de Mutualistas de Seguros (General Law on Insurance Institutions and Mutual Societies), Art. 29-I

DESCRIPTION: Foreign governments and foreign state enterprises or their investments may not invest, directly or indirectly, in an insurance company.

DURATION: Indeterminate

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ANNEX VII

PART A

Schedule of Mexico

SECTOR: Financial Services

SUB-SECTOR: Insurance

TYPE OF RESERVATION: Article 1405 (Cross-Border Trade)

MEASURE: Restrictions on cross-border insurance

LEVEL OF GOVERNMENT: Federal

LEGAL CITATION: Ley General de Instituciones y Sociedades
Mutualistas de Seguros (General Law on Insurance Institutions
and Mutual Societies), Art. 3°

DESCRIPTION: Mexico reserves its existing prohibitions and restrictions on cross-border trade in insurance services, which do not now include restrictions on the right of individuals to purchase, by physical mobility, life and health insurance. Mexico is not reserving its present restrictions with respect to the ability of residents of Mexico to purchase from non-resident insurance companies of another Party, the following types of insurance:

(a) tourist insurance (including travel accident and motor vehicle insurance for non-resident tourists, but not insurance of risks of liability to third parties) for individuals, purchased without solicitation via physical mobility of such individuals;

(b) cargo insurance to and from each Party purchased without solicitation for goods in international transit from point of origin to final destination and for the vehicle during the period of its use in transportation of such goods, provided such vehicle is licensed and registered outside Mexico (including vehicles in maritime shipping, commercial aviation, space launching and freight

(including satellites)); and

(c) intermediary services
incidental to (a) and (b)
without solicitation.

DURATION: For greater clarity, this reservation does not apply
to reinsurance.

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ANNEX VII

PART A

Schedule of Mexico

SECTOR: Financial Services

SUB-SECTOR: Banking

INDUSTRY CLASSIFICATION: 811021 811030

TYPE OF RESERVATION: Articles 1404, 1405, 1407 (Establishment,
Cross-Border
Trade, National Treatment)

MEASURE: Activities reserved for development banks

LEVEL OF GOVERNMENT: Federal

LEGAL CITATION: Ley Org nica de Nacional Financiera (Organic Law
of Nacional
Financiera), Art. 7; Ley Org nica del Banco
Nacional del
Ejército, la Fuerza Aérea y la Armada (Organic
Law of the
National Bank of the Army, Air Force and Navy)

DESCRIPTION: The following activities are reserved
solely to Mexican development banks:

- (1) acting as custodians of
securities and cash funds
deposited by or in the
administrative or judiciary
authorities, and acting as
custodian of goods that have been
confiscated according to Mexican
measures;
- (2) managing the savings funds,
retirement plans and any other

funds or property of the personnel of the Secretaría de la Defensa Nacional, Secretaría de Marina and the Mexican armed forces, and performing other financial activities pertaining to the financial resources of such personnel.

DURATION: Indeterminate
ANNEX VII

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PART B

Schedule of Mexico

TRANSITIONAL EXCEPTIONS

Reservations to Articles 1404 and 1407

1. The provisions of paragraphs 2 through 10 of this Part B of the Schedule of Mexico shall apply during the Transition Period, except as otherwise specifically provided in paragraphs 9 and 10 of this Part B.

2. For the types of financial institutions listed in the chart in this paragraph 2, the maximum capital to be authorized for a Foreign Financial Affiliate, measured as a percentage of the aggregate capital of all financial institutions of the same type in Mexico, shall not exceed the percentage set forth in the chart in this paragraph 2:

Type of Financial Institution	Maximum Individual Capital to be Authorized (Percentage of the Aggregate Capital of all Institutions of the same type)
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Commercial Banks	1.5%
Securities Firms	4.0%
Insurance Companies	
Casualty	1.5%
Life and Health	1.5%

In the case of an acquisition by a financial service provider of another Party of a financial institution established in Mexico, the sum of the authorized capital of the acquired institution and the authorized capital of any Foreign Financial Affiliate already

controlled by the acquiror may not, at the time of acquisition or at any time thereafter during the Transition Period, exceed the applicable limit set forth in the chart in this paragraph 2.

This paragraph 2 will not apply to new or existing Mexican insurance companies invested in by insurance providers of another Party (or their affiliates) pursuant to paragraph 7 of this Part 3 or paragraph 4 of Part C of the Schedule of Mexico.

3. For purposes of the proper administration of the capital limits in the Schedule of Mexico, the following provisions shall apply:

i. Each Foreign Financial Affiliate shall have a paid-in capital not less than that authorized by Mexico at the time of approval of its establishment. The authorized capital shall be determined by Mexico. After the time of establishment, Mexico may permit authorized capital to exceed paid-in capital. Authorized capital shall not be reduced by any measure of Mexico (other than prudential measures) below paid-in capital. The maximum size of the operations of each Foreign Financial Affiliate shall be determined, on a national treatment basis, as a function of the lesser of its capital or its authorized capital.

ii. Mexico reserves the right to impose limitations on transfers of assets or liabilities by Foreign Financial Affiliates that have the effect of evading the capital limits set forth in the Schedule of Mexico. This subparagraph does not apply to bona fide transfers of funds to make overnight deposits or bona fide transfers of banking liabilities.

4. A Foreign Financial Affiliate shall not issue subordinated debentures, except to its parent outside of Mexico.

5. The aggregate of the authorized capital of all Foreign Financial Affiliates of the same type, measured as a percentage of the aggregate capital of all financial institutions of such type in Mexico, shall not exceed the percentage set forth in the chart in this paragraph 5 for that type of institution, except for the case of insurance which is addressed in paragraph 6 of this Part B. Beginning one year after the entry into force of the Agreement, these initial limits shall increase annually in equal increments so as to reach the final limits specified in the chart in this paragraph 5 at the beginning of the last year of the Transition Period.

Type of Financial Institution	Percentage of Total Capital	
	Initial	Final

	Limit	Limit
Commercial banks	8%	15%
Securities firms	10%	20%
Factoring companies	10%	20%
Leasing companies	10%	20%

Any capital in existence as of the date of signature of this Agreement of a foreign bank branch established in Mexico prior to such date shall be excluded from each of the aggregate capital limits referred to in the Schedule of Mexico.

6. In the case of insurance, the aggregate of the authorized capital of all Foreign Insurance Affiliates, measured as a percentage of the aggregate capital of all insurance companies in Mexico, shall not exceed the percentage set forth in the chart in this paragraph 6 for the respective one-year periods beginning on each of the following dates:

Date	Percentage of Total Capital
January 1, 1994	6%
January 1, 1995	8%
January 1, 1996	9%
January 1, 1997	10%
January 1, 1998	11%
January 1, 1999	12%

If the entry into force of the Agreement occurs on a date prior to January 1, 1994, that date shall become the initial date for purposes of this chart, and each succeeding anniversary of the entry into force of the Agreement shall become the next succeeding date in this chart, with the percentages listed in this chart applying to each of the respective periods as so adjusted. If the entry into force of the Agreement occurs on a date after January 1, 1994, the dates and corresponding limits in this chart shall nonetheless not be changed.

The individual and aggregate capital limits described in paragraphs 2 and 6 of this Part B shall be measured separately (through separate accounting) for life and non-life insurance operations; but both types of insurance operations may be conducted either by a single or separate Foreign Financial Affiliates.

7. Insurance providers of another Party may elect an alternative procedure for entering Mexico through phasing-in an equity interest in a new or existing Mexican insurance company, and thereby exempt such Mexican company from the capital limits

of paragraphs 2 and 6 of this Part B. In order to qualify, the percentage of the Mexican insurance company's voting common stock that is owned by Mexican persons must not be less than the levels set forth in the chart in this paragraph 7 for the respective one-year periods beginning on each of the following dates:

Date	Mexican Interest
January 1, 1994	70%
January 1, 1995	65%
January 1, 1996	60%
January 1, 1997	55%
January 1, 1998	49%
January 1, 1999	25%

If the entry into force of the Agreement occurs on a date prior to January 1, 1994, that date shall become the initial date for purposes of this chart, and each succeeding anniversary of the entry into force of the Agreement shall become the next succeeding date in this chart, with the percentages listed in this chart applying to each of the respective periods as so adjusted. If the entry into force of the Agreement occurs on a date after January 1, 1994, the dates and corresponding limits in this chart shall nonetheless not be changed.

On and after January 1, 2000 (or, if the entry into force of the Agreement occurs on a date prior to January 1, 1994, on and after the sixth anniversary of such date), the percentage requirement of Mexican ownership set forth in this paragraph 7 shall no longer apply.

This paragraph 7 is further modified by paragraph 4 of Part C of the Schedule of Mexico to the extent set forth therein.

8. The aggregate assets of Foreign Financial Affiliates that are limited scope financial institutions within the meaning of paragraph 2 of Part C of the Schedule of Mexico shall not exceed 3% of the sum of (1) the aggregate assets of all commercial banks in Mexico plus (2) the aggregate assets of all types of limited scope financial institutions in Mexico. Lending by affiliates of automobile manufacturing companies with respect to their vehicles shall not be subject to or taken into account in determining compliance with this 3% limit.

9. The capital limits in paragraphs 2, 5, 6 and 8 of this Part B shall be removed at the end of the Transition Period. If the sum of the authorized capital of Foreign Financial Affiliates,

measured as a percentage of the aggregate capital of all financial institutions of such type in Mexico, reaches the percentage set forth in the chart in this paragraph 9 for such type of institutions, then Mexico shall have the right, once during the four years following the end of the Transition Period, to freeze such aggregate capital percentage at its then-existing level:

Commercial banks	25%
Securities firms	30%

If applied, such a restriction will have a duration not to exceed a period of 3 years.

10. No additional license to establish a Foreign Financial Affiliate shall be granted during the Transition Period (and, in the case of paragraph 9 of this Part B, during the additional periods described in that paragraph) if after such issuance the sum of the authorized capital of all Foreign Financial Affiliates of the same type would exceed the applicable percentage limit for that type of institution in paragraph 5, 6, 8 or 9 of this Part B.

OTHER EXCEPTIONS

11. The provisions of the following paragraphs 12 through 15 of this Part B shall apply immediately upon the entry into force of the Agreement and at all times thereafter, except as otherwise specifically provided in such paragraphs. Any amendment or modification to a measure adopted or maintained pursuant to paragraphs 12 through 15 of this Part B shall not decrease the conformity of the measure, as it existed immediately before such amendment or modification, with Articles 1404 to 1409 of the Agreement.

Reservation to Article 1407

12. Mexico may require that a Foreign Financial Affiliate (other than a Foreign Insurance Affiliate) be wholly-owned by a financial service provider of another Party (except for directors' nominal qualifying shares). Mexico may also restrict any Foreign Financial Affiliate from establishing agencies, branches, or other direct or indirect subsidiaries in the territory of any other country.

Reservations to Articles 1404 and 1407

13. Following the Transition Period, acquisition of a

commercial

bank established in Mexico, or of the assets or liabilities thereof, by a financial service provider of another Party will only be authorized by Mexico, subject to reasonable prudential considerations on a case by case basis, if the sum of the authorized capital of the acquired commercial bank and the authorized capital of any commercial bank in Mexico already controlled by the acquiror would not exceed 4% of the aggregate capital of all commercial banks in Mexico.

14. Mexico may adopt measures that (i) limit eligibility to establish a Foreign Financial Affiliate in Mexico to a financial service provider of another Party that is, directly or through any of its affiliates, engaged in the same general type of financial services in the territory of the other Party; and (ii) limit such provider (together with its affiliates) to no more than one institution of the same type in Mexico. In determining what types of operations a financial service provider of another Party is engaged in for purposes of the preceding sentence, all types of insurance shall be considered to be only one type of financial service; but both life and non-life insurance operations may be conducted either by a single or separate Foreign Financial Affiliates.

Reservation to Articles 1404, 1405 and 1407

15. The existing activities and operations of Mexican governmental insurance programs conducted by Aseguradora Mexicana, S.A. or Aseguradora Hidalgo, S.A. (including insurance for government employees, agencies, instrumentalities and public entities) are excluded from Articles 1404, 1405 and 1407 for so long as such firm is controlled by the government of Mexico and for a commercially reasonable time after such governmental control ceases.

Reservation to Article 1405

16. In order not to impair the conduct of Mexico's monetary and exchange rate policies, non-resident financial service providers of another Party shall not be permitted to provide financial services into the territory of Mexico or to residents of Mexico, and residents of Mexico may not purchase financial services from non-resident financial service providers of another Party, if such transactions are denominated in Mexican pesos.

Reservation to Articles 1404-1409

17. The benefits of this Agreement shall not be extended to a foreign bank branch existing in Mexico on the date of entry into force of this Agreement. The existing legal regime will continue to apply to such a branch for so long as it operates in that form. Such a branch shall be permitted to convert to a subsidiary pursuant to the terms of this Schedule, and upon

conversion shall be covered by this Agreement. The existing capital of such branch on the date of signature of this Agreement shall not be counted against such Foreign Commercial Bank Affiliate's individual capital limit, or the aggregate capital limits for commercial banks in the event of conversion.

Definitions

For purposes of Part B of Mexico's schedule:

capital means the following, as defined in Mexican measures, applied on a national treatment basis:

Type of Financial Institution	Concept of "Capital"
commercial banks	capital neto
securities firms	capital global
insurance companies	
casualty	requerimiento bruto
	de solvencia (allocation to
casualty insurance)	
life and health	requerimiento bruto
	de solvencia (allocation to
life and health insurance)	
factoring companies	capital contable
leasing companies	capital contable

Foreign Commercial Bank Affiliate means a Foreign Financial Affiliate that is a commercial bank;

Foreign Financial Affiliate means a financial institution established in Mexico and owned and controlled by a financial service provider of another Party;

Foreign Insurance Affiliate means a Foreign Financial Affiliate that is an insurance company; and

Transition Period means the period beginning with the entry into force of the Agreement and ending on the earlier of i) January 1, 2000, or ii) six years from the entry into force of the Agreement.

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ANNEX VII

PART C

Schedule of Mexico

SPECIFIC COMMITMENTS

1. Mexico shall retain discretion to approve, on a case-by-case basis, any affiliation of a commercial bank or securities firm with a commercial or industrial corporation that has a commercial presence in Mexico, if Mexico determines that such affiliation is harmless and, in the case of banking, either (a) not substantial, or (b) the financial-related activities of the commercial or industrial commercial corporation are at least 90 percent of its annual income worldwide, and the non-financial activities of such commercial or industrial corporation are of a type that Mexico determines to be acceptable. Affiliation with a non-resident commercial or industrial corporation that has no commercial presence in Mexico will not be a reason for denial of an application to establish or acquire a commercial bank or securities firm in Mexico.

2. Non-bank financial service providers of another Party shall be permitted to establish one or more limited scope financial institutions in Mexico to provide separately consumer lending, commercial lending, mortgage lending or credit card services on terms no less favorable than those applied to like domestic firms under Mexican measures. Mexico may permit lending services closely related to the principal authorized business of a limited scope financial institution to be carried out by that institution. Such firms shall be provided the opportunity to raise funds in the securities market for business operations subject to normal terms and conditions. Mexico may restrict such limited scope financial institutions from taking deposits.

3. Within two years of the entry into force of the Agreement, Mexico shall conduct a study of the desirability and, if desirable, the possible methods of establishing limited scope securities firms which would have more limited powers than current securities firms. Such limited scope securities firms would be subject to differing capital requirements, depending on the type and extent of business conducted, that would permit lower minimum capital requirements than those currently applicable to Mexican securities firms. The basis of the study would be prudential considerations and opportunities for investment in the securities sector. As part of the second annual meeting of the Committee required under Article 1414, Mexico shall report to the other Parties on the outcome of the study, including any plans for the establishment of new categories of securities firms.

4. Notwithstanding Part B (paragraph 7) of the Schedule of

Mexico, an insurance provider of another Party, together with its affiliates, that as of July 1, 1992 collectively have an active investment or ownership interest that has been specifically approved by the Mexico of 10% or more in a Mexican insurance company may: (1) exercise any contract right or option in existence as of July 1, 1992 with respect to ownership interests in such Mexican insurance company; and (2) effective the earlier of January 1, 1996 or two years following the date of entry into force of the Agreement, acquire a controlling interest of up to 100% in such Mexican insurance company. Before the effective date described in clause (2) of the preceding sentence, an insurance provider of another Party (together with its affiliates) described in that sentence may exercise any existing contract right or option described in clause (1) of that sentence, and choose to maintain its existing interest or expand its interest in such Mexican insurance company to the extent consistent with Part B (paragraph 7) of the Schedule of Mexico. Mexico shall maintain discretion to permit acceleration of the schedule for equity participation in a Mexican insurance company by an insurance provider of another Party described in the first sentence of this paragraph.

5. A bank or securities provider of another Party that is authorized to and establishes or acquires a commercial bank or securities firm, respectively, in Mexico may also establish a financial holding company in Mexico, and thereby establish or acquire other types of financial institutions in Mexico, under the terms of Mexican measures.

6. Mexico shall administer its licensing and approval procedures during the Transition Period (as defined in Part B of the Schedule of Mexico) in a manner that does not deny the benefits of the liberalization of existing measures described in the Schedule of Mexico to enterprises of another Party ultimately controlled by nationals of that Party.

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ANNEX VII

PART D

Schedule of Mexico

The agency of the government of Mexico responsible for financial services is the Secretaría de Hacienda y Crédito Público.